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25 August 1983



# China Report

ECONOMIC AFFAIRS

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## NATIONAL POLICY AND ISSUES

### MAJOR FIRST 5-YEAR PLAN PROJECTS REVIEWED

Shanghai WEN HUI BAO in Chinese 27 May 83 p 3

[Article by Dou Yuan [2435 0997] and Jin Hai [6855 3189]: "Building of 156 Major Projects"]

[Text] During China's First 5-Year Plan period, 156 major projects were built. Among these projects were modern steel, nonferrous metals, mining and petroleum enterprises, heavy machinery, machine tool, motor vehicle, tractor and aircraft manufacturing plants, and roller bearing, weighing equipment and cutting tool plants. The building of these 156 projects was characterized in the following ways at the time. First was advanced technology and large investment. Old China was a country with a weak industrial foundation, backward technology and a small ratio of heavy industry. National investment was used in order to assure use of advanced technology to equip and transfer China's industry. The First 5-year Plan called for the investment within a 5-year period of a total of 11 billion yuan in these projects, plus investment of another 1.8 billion yuan for direct equipping of these projects for a total of 12.8 billion yuan. This was 51.1 percent of total investment in projects. Second was a short cycle and rapid building of the projects. Defining the emphasis of construction helped speed up construction. By 1954, 17 principal projects including the Anshan Steel Mill's seamless steel tube plant, a large steel rolling mill and an automated ironworks, and the Haizhou open pit coal mines at Fuxin had gone into production. By 1956, a group of major large enterprises had been built and gone into production. These included the Changchun Motor Vehicle Plant and the Changchun Aircraft Manufacturing Plant. Most of the projects were built one after another during 1958 and 1959. Third, the building of basic industries was paramount. Among the 156 major projects, except for a state farm and a few light industrial enterprises such as paper making plants, virtually all were heavy industrial projects concentrated in the three fields of energy, metallurgy and machinery manufacture. In the energy field alone, there were more than 50 projects having to do with electric power, coal mining and petroleum. In the metallurgy field, except for a few nonferrous smelting enterprises such as the Fushun Aluminum Plant, the emphasis was on the renovation and construction of the Anshan Steel Mill, the Wuhan Steel Mill and the Baotou Steel Mill. Fourth was overall planning in the spirit of viewing the entire country as a chessboard. Most of the construction projects at

the time were planned for northeastern China and inland China. A few projects were planned for northwestern and southwestern China, and only one project was planned for east China. Moreover, the equipment for these major projects derived largely from imports from abroad, and between 30 and 50 percent of the associated equipment for them was made inside China. Shanghai was responsible for a substantial amount of the equipment. The construction and entrance into production of these 156 major projects brought about an initial change in the fragmentary state of China's industry, the extremely irrational distribution of industry, the lopsidedness in the light and heavy industrial structural, and the extreme weakness in basic industries, laying a fine foundation for the country's subsequent socialist construction.

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## NATIONAL POLICY AND ISSUES

### SUBSTITUTION OF TAX PAYMENTS FOR PROFIT DELIVERY TESTED

Chengdu SICHUAN RIBAO in Chinese 21 May 83 p 2

[Article by Gou Xudong [5384 1645 2639]: "Substitution of Tax Payments For Delivery of Profits is a Major Reform of the Commercial System--Survey of Trial Use of the Substitution of Taxes for Delivery of Profits in 116 Commercial Enterprises in Sichuan Province"]

[Text] In 1980, Sichuan Province's commercial departments began to institute "independent operations, the state levying taxes, and enterprises themselves being responsible for profits and losses" in 5 wholesale enterprises and 116 retail enterprises, including those handling general merchandise, those in the knit goods and textiles trade, those in hardware, communications and chemical trades, those in the sugar, tobacco and alcoholic beverages trade, and those involved in industrial and mining businesses. That is to say, they were pilot projects for the substitution of tax payments for profit delivery from which the province's commercial enterprises gained experience in exploring paths of reform in the substitution of tax payments for profit delivery.

The pilot project experiences demonstrated that in substituting tax payments for profit delivery, enterprises are headed in the right direction and economic effectiveness is marked. This is not only a development of pilot projects for expanding enterprises' self-determination, but is also the direction of reform of the commercial organization. When enterprises practice the substitution of tax payments for delivery of profits, responsibilities, rights and benefits are more closely correlated; better use can be made of the enthusiasm of enterprises for operations under their own control; the sense of responsibility about an enterprise's own profits and losses is strengthened and management are improved, and democratic management is strengthened. Under the guidance of the state plan and in accordance with market needs, goods are selectively brought in through numerous channels, various methods are used to sell products, energetic efforts are made to expand operations, service attitude is improved and economic effectiveness is increased. Eighty-nine of the 116 pilot project enterprises tried the 6-grade progressive tax for that part of income in excess of a specific taxable amount that Sichuan Province has formulated. During the 3-year period 1980 to 1982, sales increased at an average 7.89 percent per year. The three taxes (income taxes, industrial and commercial

taxes, and taxes of fixed assets) turned over to the state during the first year increased 17.47 percent over the profits and taxes turned over to the state before the pilot project in 1979. Enterprises realized profit increases averaging 6.93 percent over the 3 years. Proportional profit distribution was as follows: 76.81 percent to the state, and 23.19 percent to the enterprises, including 4.2 percent as awards to staff and workers the state getting the largest share, enterprises getting the second largest share, and staff and workers getting the smallest share.

The system of enterprises being themselves responsible for profits and losses versus central responsibility for profits and losses was bound to lead to great changes in enterprise administration and management. Practice showed that substitution of tax payments for delivery of profits was superior to total profit retention and contracting of operations.

First, substitution of tax payments for delivery of profits, and responsibility for one's own profits and losses increased responsibilities for enterprise leaders. Responsibility for after-tax profits and losses changed the former situation of no responsibility for profits and losses. Leaders of enterprises has to bear responsibility for risks ensuing from poor management and administration. When there were profits, they shared in the enjoyment of economic benefits, but when the enterprises showed losses, the state would not make them up. Instead the earnings of both leading cadres and staff and employees suffered. This put pressure on the leaders of enterprises and brought about improvement in enterprise administration and management. It improved the internal economic responsibility system and increased economic effectiveness.

Second, substitution of tax payments for delivery of profits clarified the relationship between the state and enterprises with regard to benefits. The former taking away of enterprise profits by departments in charge had a bad effect on enthusiasm in enterprises. Under the system whereby enterprises are themselves responsible for after-tax profits and losses, enterprises can take a free hand in operations without being concerned about "flogging the fast oxen." They can better arouse the enthusiasm of the enterprise's staff and workers. The extent of increase in profits from sales in pilot project enterprises was much much greater than in enterprises as a whole. In the 89 enterprises that instituted progressive taxes for that part of income in excess of a specific taxable amount, during the first year of the pilot project sales increased 22.79 percent over 1979 before the beginning of the pilot project, and were 7.49 percent higher than for enterprises in general. Profits increased 22.66 percent, 10.32 percent higher than for enterprises in general.

Third, substitution of tax payments for delivery of profit helps enterprises develop and increases their ability to build by themselves. After enterprises have paid their taxes, they have a source of economic benefits provided by law in a change from the former tendering of profits in toto, with reimbursement for whatever was actually spent. The economic interests of enterprises and their staff and workers are directly linked to the results of operations. When an enterprise has large profits, retained after-tax

profits are correspondingly large. This helps development of the enterprise itself and improvement in the collective welfare facilities of staff and workers. Over a 3-year period, the 116 pilot project enterprises retained 22.31 million yuan. Except for 4.11 million yuan issued as rewards to staff and workers, the remaining more than 18 million yuan was used for improvement of enterprise facilities and for building staff and employee housing, and enterprise debts, some of many years standing, began to be reduced.

Fourth, use of a progressive tax system increases state revenues. The advantage of the progressive tax system lies in the regulatory function it plays. It is able, in varying degrees, to solve problems of inequalities in benefits and hardships among enterprises. It insures the state more revenues than does proportional taxation. The greater the profits an enterprises makes, the higher the proportional tax rate to assure consistent increase in state revenues. Over the 3 years, the 89 enterprises paid 76.81 percent of profits to the state, the enterprises keeping 23.19 percent of profits, assuring the state an increased receipt of 1.65 million yuan.

Fifth, leaders of administrative organizations such as businesses and public finance are able to concentrate their energies on carrying out the party's programs and policies. After enterprises become responsible for their own profits and losses, the economic relationship between the state and enterprises becomes a relationship of payment of taxes. Tax revenues are protected by law, and each level of government receives public-fund income primarily through apportionment of tax revenues. Thus, enterprises can obtain economic benefits provided by law only after completing tax payments. If an enterprise wants to get greater benefits, it must strive to expand sales, improve administration and management, and increase accumulations. Leaders of administrative organizations such as businesses and government financial institutions at all levels need not sink into routine activity each year when discussion with enterprises about sales and profit plans that have been handed down do not turn out well. Thus, administrative departments may concentrate their energies on investigation and study, on carrying out the party's programs and policies, in formulating long-range plans, and on doing a good job of training and ideological building of cadres, staff and employees.

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## ECONOMIC MANAGEMENT

### YUNNAN TO CHECK FINANCIAL, ECONOMIC DISCIPLINE

HK031140 Kunming YUNNAN RIBAO in Chinese 20 Jul 83 p 1

[Report by Wang Yongdian [3769 3057 3329] and Shen Zhaoda [3088 2600 6671]:  
"A Large-Scale Check on Financial and Economic Discipline Will Be Carried  
Out Throughout the Province in This Quarter of the Year"]

[Text] Recently, the Yunnan Provincial CPC Committee and the Yunnan Provincial People's Government issued a joint circular, demanding that a large-scale check on financial and economic discipline be carried out throughout the province in the third quarter of this year to resolutely correct various practices violating financial and economic policies, system, and regulations, and to realize a turn for the better in party style, social habits, and the financial and economic situation.

The circular pointed out: Since the 3d Plenary Session of the 11th CPC Central Committee, the financial and economic situation in our province has been changing for the better year by year. Since the 12th CPC National Congress, people of various nationalities in our province have been in high spirits and have been striving for a turn for the better in the financial and economic situation within 5 years. But in this excellent situation, some localities, departments, and units have failed to correctly handle the interests between the state, the collective, and the individual. They onesidedly stress individual and small group interests, turn state interests into small group or individual interests, violate financial and economic discipline, and infringe upon the overall interests. For example, they arbitrarily apportion production cost, expand the scope of expenditure, raise the percentage of profit for retention, and misappropriate, embezzle, and retain the part of income which should be turned over to the state. They either arbitrarily reduce and avoid taxes, exempt themselves from taxation, refuse to pay taxes, or are behind in their payment of taxes. Some of them even humiliated, abused, and beat up taxation cadres. They expand the scale of capital construction, carry out construction projects outside the plans, and raise construction standards. They expand the scope of expenditure, raise the standards for expenditure, share up state property for individual use, issue bonuses and allowances at will, issue gifts under various pretexts, and even use operating expenses for issuing bonuses. They embezzle public funds to give dinners or send gifts to

friends, or to go on trips to different scenic spots on the pretext of learning from other departments and units. In violation of the regulations concerning the purchasing power of social groups, they purchase, without authorization, commodities under special control.

The circular stressed: In the large-scale check on financial and economic discipline, party and government organs at all levels, and all administrative units, public undertakings, and enterprises are required to carry out strict checks. They must check whether income in various fields within the state budget has been misappropriated, embezzled, retained, or is in arrears, and whether the arrangement of expenditure in various fields within the state budget is in line with the relevant policies, system, standards, and regulations. In addition, they must specially check the balance of payments in various funds outside the budget, and find out if there is any misappropriation. They must carry out the check according to the documents issued by the CPC Central Committee, the State Council, the provincial CPC committee, and the provincial people's government.

In principle, the check will be restricted to cases violating financial and economic policies, system, and regulations since 1 January 1982. But units and persons with serious problems and vile cases are beyond this restriction. Taxes evaded or in arrears must be checked and cleared up, no matter when these taxes were evaded.

The circular asked party committees, party organizations, and administrative leaders at various levels and in various departments and units to strengthen leadership over the check, put checking on the agenda, and conscientiously make arrangements for their own specific conditions. Main leading comrades are required to have a firm personal grip on the check. Cadres and staff members and workers must be organized to study financial and economic policies, system, and regulations formulated by the party and state. The masses must be mobilized to expose problems violating financial and economic discipline. Financial departments in various units must take the initiative in reporting the actual situation. No falsification is allowed. Party and government organs at various levels must take the lead in carrying out the check, be strict with themselves, and set a good example for others. Units and persons who have done well in carrying out financial and economic discipline must be praised. Units and persons who have violated financial and economic discipline must resolutely correct their mistakes, return what must be returned, and pay the amount in arrears. In addition, they must conscientiously sum up experience and establish and perfect various systems. Units and persons with serious problems and vile cases, or who refuse to correct their mistakes after repeated education, must be dealt with according to party discipline and national law, and we must not tolerate their mistakes. Those who take the initiative in examining and correcting their mistakes may be treated leniently. Those who conceal their mistakes will be dealt with in a sterner manner once their mistakes are discovered, and the leaders concerned must bear the responsibility for such mistakes.

The circular demanded various localities and departments that they immediately make arrangements upon receipt of the circular. The check must be completed throughout the province before the end of September. The results of the check and how problems are handled must be reported level by level.

## ECONOMIC MANAGEMENT

### HEILONGJIANG ENDS ENTERPRISE CONSOLIDATION FORUM

SK250643 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 23 Jul 83

[Text] The provincial forum on consolidating industrial and communications enterprises and raising their economic results ended on 21 July. The forum pointed out: The next stage of enterprise consolidation must be combined with readjustment, restructuring, and technical transformation. It is necessary to conduct an overall consolidation and comprehensive management in line with the objective of raising economic results so as to raise the level of enterprise operation and management.

The forum stressed: Industrial and communications enterprises in our province now are confronted with a serious challenge. Leading comrades at all levels must clearly understand the present new situation, straighten out their guiding ideology in handling official affairs, enhance their understanding of the importance and necessity of the consolidation work, strengthen their sense of urgency, overcome their fear of difficulty and the lack mood, intensify the leadership over the consolidation work, do overall planning and all-round arrangements, and deal with each case on its merits.

At present, efforts should be made to resolutely check the tendencies of developing ill-considered production and running plants with duplicated production items. The enterprises whose products do not meet market demand, which have no source of raw materials and which have suffered from a long-term deficit must be resolutely closed down, suspended, amalgamated with others, or switched to the manufacture of other products. This must not be delayed lest it should adversely affect the overall situation. Enterprise consolidation work should be accelerated in pace and improved in quality. In this respect, the higher and lower levels should be of one step, the inside and outside should be combined, and the leading departments should be integrated with grassroots units so as to make all parts of the reform develop simultaneously.

In the present consolidation, efforts should be concentrated on improving product quality and lowering consumption. It is necessary to start with this basic consolidation work, combine it with technical transformation, make investments in developing intellectual capacity and training competent persons, promote the progress of technology, raise the quality of industrial and communications enterprises, and create a new way to promote our province's economy.

## ECONOMIC MANAGEMENT

### YUNNAN RIBAO DISCUSSES IMPROVING ECONOMIC RESULTS

HK040404 Kunming YUNNAN RIBAO in Chinese 23 Jul 83 pp 1, 4

[Editorial: "Straighten Out Our Guiding Thought and Be Particular About Economic Results"]

[Text] In the first half of this year, industrial and communications enterprises in our province overcame various difficulties, including the serious shortage of energy and raw material supplies, the strain on railroad transportation, and natural disasters, and ensured the steady and coordinated development of production and the marketability of products. Financial income deriving from industry has increased by a considerable margin. The general situation on this front was satisfactory. However, the economic results achieved by industrial enterprises in our province in the first half still were not quite satisfactory. In some enterprises, production costs were high, product quality became poorer, consumption of energy and raw materials increased, and profits decreased. Therefore, it is completely necessary to earnestly sum up positive and negative experiences in our industrial production in the first half of this year. This will help us promptly focus all economic work on the attainment of better economic results.

The shortage of energy supply, the strained situation in transport, the rise in prices of some raw materials and fuel, and the frustration in the sugar-refining industry because of the natural disasters striking large areas of sugarcane fields, were all important factors that were unfavorable to the improvement of industrial economic results in the first half of this year. However, we must also recognize the poor quality of management work in enterprises. This situation also has obstructed the improvement of economic results. It seems impossible to continue to gain profits by relying on cheap energy and raw material supplies and on cheap labor. Under these circumstances, the steady improvement of economic results will rest to a large extent on the improvement of the enterprises' technological conditions and their management quality. In the first half of this year, the metallurgical, machine building, and three other industrial departments achieved good results by increasing both output and income and the building materials industrial department increased income in spite of a decrease in output. Their successes did not derive from any favorable external conditions. They suffered from the

difficulties caused by the limitation of electricity supply and their difficulties were greater than other departments. The price rises of some raw materials and fuel also increased their production costs. They could achieve better economic results under relatively difficult conditions because these departments and their enterprises made efforts to improve their management. In recent years, the enterprises in these departments have carried out various internal reforms in a conscientious manner and have strengthened their foundation work, so they can better stand on this solid foundation to adapt themselves to the changing external conditions instead of waiting hopelessly for and depending heavily on the improvement of external conditions. The Kunming smelter and the Yunnan aluminum plant are typical cases in this regard. At the same time, the departments in charge of these enterprises also have adopted their management to the new situation. They reasonably coordinated the limited energy and raw materials supplies and used them where they were most needed so as to ensure the normal production order and to improve the comprehensive economic results of the whole trades. However, under similar conditions, other industrial departments failed to increase their earnings, whether they increased or decreased their output. The reason for this great difference should be sought in the guiding thought and management work for industrial production.

At present, what specific problems exist in the guiding thought for handling industrial production? In management departments, some leading comrades are still used to placing undue stress on output value and growth rate and pay no attention to the improvement of economic results. In particular, when there was a shortage of energy and raw materials supplies, they just concentrated on solving problems concerning coal, electricity, and transport, but seldom studied the situation in economic results, so they did not work out any effective measures to ensure the improvement of economic results. Moreover, because provincial departments were carrying out structural reforms in the first half of the year and some organs did not promptly establish a new work order, the efforts for consolidating enterprises were once relaxed and some pressing problems could not be solved promptly. In enterprises, waste was serious and foundation work was poor. Some enterprise leaders tried to take "short cuts" to achieve better economic results instead of relying on improving management and enhancing technological level, so they just tried to gain advantage by unfair means at the expense of the state and their customers. Other leaders thought that their products were still in short supply and that there was no worry about their marketability, so they just turned a blind eye to the fact that their products' quality had become worse. Some enterprises still took output as the sole standard to assess workers' work when issuing bonuses and gave no consideration to quality and consumption of energy and raw materials. This did not bring about good microeconomic results, nor could it bring about good social results.

All these facts show that some leaders in industrial departments and enterprises have not yet clearly realized the necessity of focusing all economic work on the attainment of better economic results. Establishing this guiding

thought is only the first step and represents a correct beginning. To really effect this guideline, we still have to make painstaking efforts. In order to improve the technological and management quality of the enterprises, we have to do a great deal of work.

Recently, the provincial departments in charge of economic work made a series of analysis of economic activities in our province. They emphasized that leading comrades working on the economic front must follow the guideline of focusing all economic work on the attainment of better economic results, and that all localities and departments must strengthen their leadership over economic work. Principal leaders should pay attention to the improvement of economic results; leaders in charge of production should even concentrate on this issue. In order to really implement the guideline of concentrating on economic results, the relevant departments have also introduced a system of conducting regular analysis of economic activities and a system of sharing responsibility for handling work in key enterprises. They have worked out some measures to facilitate circulation between industrial and commercial departments, to strengthen ideological and political work, and to rapidly reestablish a good work order in administrative organs. In his report at the First Session of the Sixth NPC, Premier Zhao pointed out: "Shifting the focus of our economic work to improvement of economic results must not remain a general call, but must be turned into effective action." The provincial departments in charge of economic work have had a good beginning by working out these measures to guarantee the correct orientation of economic work. We hope that they will promptly put these measures into effect and make persistent efforts to achieve good results and to markedly improve economic results in the third quarter.

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## FINANCE AND BANKING

### RENMIN RIBAO ON MANAGING CIRCULATING FUNDS

HK250751 Beijing RENMIN RIBAO in Chinese 22 Jul 83 p 5

[Article by Wang Jie [3769 2638]: "An Inquiry Into the Restructuring of the Circulating Funds Control System"]

[Text] An Important Reason for the Slow Turnover of Circulating Funds Held by Enterprises in Large Quantities

Circulating funds are that part of the money supply which continuously circulates and revolves in enterprises' operational activities and which reflects the movement of materials and products. These funds constitute an essential condition for enterprises' normal production and operation. The unceasing movement of circulating funds also reflects the compensation and augmentation of the value of materials. If circulating funds can be recovered on time, that means production and circulation have been conducted smoothly. If the turnover of these funds becomes faster, that indicates, to a certain extent, that the period of social reproduction has been shortened. Therefore, whether the turnover of funds can be speeded up is an important yardstick for judging whether a system for distributing and managing funds is advanced or backward. At present, a prominent problem in the use of circulating funds by our industrial and commercial enterprises is the slow turnover of these funds which are held in large quantities by the enterprises, and their poor economic results. The problem exists mainly because our economic work has been under the influence of "leftist" mistakes for a long time and because we have inappropriately sought high output value and growth rate in violation of objective economic laws and to the neglect of economic results. However, the "supplying system" and the practice of "eating from the same big pot" in the management of circulating funds are also another important reason, which has given rise to the following three problems:

1. There is no limit being worked out in a scientific way, to govern the use of circulating funds by enterprises, and it makes no difference whether an enterprise uses more or less circulating funds. According to the method of quota management of funds, circulating funds are provided and overseen by financial departments and banks, with funds within quotas being appropriated gratis by financial departments and those exceeding quotas being provided by banks as loans. This quota management method should be fairly scientific, because it provides a clear quota limit for the use of circulating funds.

However, due to various reasons, financial departments cannot promptly check and ratify the quotas, which thus remain unchanged for many years. The "dead quotas" thus fail to play their due role, and the enterprises then get circulating funds they need mainly from bank loans. When making loans, the banks also do not have a reasonable limit. As a result, they simply offer loans whenever the enterprises say they need loans. Many enterprises thus keep on contracting new loans while stockpiling goods, and the amount of stagnant funds is getting greater and greater.

2. There is no strict system for assessing the turnover of circulating funds held by enterprises, and it makes no difference whether an enterprise can effect a quick turnover or not. Under the condition of commodity production and commodity exchange, economic movement is the unity of the movement of use value and the movement of value. The achievement of economic results depends heavily on the circulation and turnover of funds. However, people did not have a sober understanding of this point for many years in the past, and did not realize the movement of funds has a dual character of materials and value and that the economy of human and material resources could be effected through the economy of funds. So, they erroneously thought that so long as production developed, it did not matter whether the turnover of funds was quicker or slower. Under the guidance of this erroneous idea, many units placed undue stress on output value and growth rate to the neglect of the management and economic use of funds. For the same reason, the norm for the turnover of circulating funds has not been placed in a due position in the system of assessment norms for the national economy. Therefore, the waste of funds has also become more and more serious.

3. There is no clearly specified responsibility for the use of circulating funds, and it makes no difference whether an enterprise can achieve good economic results by using a certain amount of funds or not. Under the current supplying system of funds, the economic responsibility of an enterprise is divorced from its economic interests and from the economic results it has achieved. This adversely affects the enterprise's enthusiasm and initiative in developing production and improving management. For many years in the past, enterprises were not given any awards if they could economize on funds, nor were they punished if they wasted money. Their losses were all covered by state finances, and their excessive use of funds could be guaranteed by banks. They were treated in the same way no matter whether their management was good or bad. [HK250753] Under these circumstances, some enterprises paid no attention to economic accounting and did not care about the results of the use of funds. Some of them even thought that financial losses were reasonable and favorable. On the other hand, state financial departments, banks, and the departments concerned in charge of these enterprises had no clear responsibility for themselves either. State financial departments just made appropriations but did not care about the use of these funds; banks just made loans and did not need to run any risk; the departments concerned in charge of the enterprises just assigned production tasks and did not look after the use of funds by the enterprises. If funds were lost or wasted, none of these units would take responsibility.



The above maladies fully show that it is necessary to reform the "supplying system" and the practice of "eating from the same big pot" in the management of circulating funds. Without solving this problem, it is absolutely impossible to thoroughly overcome the problems--excessive amounts in the hands of enterprises, slow turnover, and poor economic results--in the movement of circulating funds.

#### Establishing and Perfecting a Responsibility System for the Management of Circulating Funds

The circulating funds management system is a component of the overall management system of the national economy, and its reform should be carried out in keeping with the reform of the overall economic management system. The purpose of this reform is, under the premise of making great efforts to develop socialist commodity production and commodity exchange, to give full play to the economic leverage of bank loans and interest rates, to impel enterprises to economize on the use of funds, to speed up the turnover of funds, to improve economic results, and to meet the needs of various economic elements, operation patterns, and circulation channels. The stress of this reform is to establish and perfect a responsibility system for the management of circulating funds so as to change the practice of "eating from the same big pot."

1. Circulating funds used by enterprises should all be managed by the banks by economic means. If circulating funds are provided in the form of credits, then enterprises not only must return the principal on time, but also must pay interest. Banks can make use of the leverage of credits and interest rates to flexibly regulate money supply and to oversee the use of money so as to impel enterprises to quicken the turnover of funds. This method of managing circulating funds by economic means conforms to our principle of acting according to objective economic laws. So it should be an orientation for the reform of the circulating funds management system. Recently, the State Council decided to change the joint management of enterprises' circulating funds by state financial departments and banks into the exclusive management by banks. This is a major reform of the management of circulating funds and a measure for overcoming the practice of "eating from the same big pot." So we must insure its implementation.

2. Loan interest should be linked directly to enterprises' economic interests. One of the tasks in reforming the management of credit funds is to correctly work out interest rates so as to link the results in money utilization closely with the material interests of the enterprises and their workers.

After the current structural reform, the distribution relationship between the state and the enterprise will be fixed in the form of taxation, and after-tax profits will be left at the disposal of the enterprises. Therefore, it is necessary to gradually change the practice of including interest in production costs, and enterprises should be required to pay all interest by debiting their profits so that they will be pressed to make greater efforts to increase incomes and retrench expenditure. The leverage of interest rates can thus work. At present, the condition for doing so is not ripe yet. We can first introduce floating interest rates and charge enterprises higher interest for the funds which are slow in turnover and are held in excessive amount.

3. It is necessary to establish and perfect the loan management system inside banks. Socialist banks are relatively independent operators dealing with money and credits. Establishing and perfecting the loan management system inside the banks is also an important area for improving the results of money utilization.

In order to quicken the turnover of funds and to insure high economic results, there should be a responsibility system for the banks which makes it necessary for them to take risks when making loans. Banks are situated in the distribution link of the national economic activities, and their business has a clear object and purpose. According to the socialist principle for business management and according to objective economic laws, banks should undertake their economic responsibility correspondingly. When they incur losses because of carelessness and other mistakes in making loans, they themselves must bear certain economic responsibility for these losses.

CSO: 4006/721

## FINANCE AND BANKING

### GANSU ISSUES CIRCULAR ON CAPITAL CONSTRUCTION

HK271248 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 26 Jul 83

[Text] The provincial people's government has issued an urgent circular urging all the localities and departments to strictly control the size and scope of the capital construction projects and to sort out earnestly the capital construction projects which are under way. The urgent circular issued by the provincial people's government asks all the localities and departments to accomplish the following tasks:

1. Carry out an overall inspection of the capital construction projects carried out in this year. The capital construction projects whose size and scope exceed those fixed by the plans of the provincial authorities must be reduced to and controlled within the sizes and scopes fixed by the plans as soon as possible.
2. The additional investments in fixed assets other than those fixed by the provincial authorities, and the construction projects initiated and undertaken by the localities or departments are considered projects not included in the plans. They must be suspended and sorted out. In addition, plans for handling these cases must be submitted for consideration to the provincial planning commission and the provincial department for the construction and protection of the environment of the rural and urban areas.
3. The projects which are not in keeping with the program for capital construction; the projects which are carried out without an adequate knowledge of the condition of mineral resources and of the hydrographical, geographical, and work conditions; the projects which are carried out without a design drawing; the projects which are carried out with out-dated technology; the energy-consuming projects; and the projects which must be transformed immediately on completion must be resolutely suspended. The size and scope of the capital construction projects must not exceed those fixed by the provincial plans and readjustments must be carried out in the light of the actual amount of work which can be done in a year. If our technological level is not so high as to enable us to invest money in technological projects, we must not initiate new technological projects any more. As for the people who enlarge the size and scope of the capital construction projects without authorization or indiscriminately raise quotas, we must affix the responsibility and handle them sternly.

4. The projects which are planned to be carried out in this year but which have not been carried out yet must be earnestly inspected. The projects which are not in keeping with the program for capital construction or without the necessary operation conditions are not to be developed. The higher authorities must be informed of the projects with the necessary operation conditions; they cannot be developed without the approval of the higher authorities.

The urgent circular issued by the provincial people's government urges all the bureaus and offices, particularly the banking, posts and telecommunications, commercial, grain, and building materials departments, to help the localities sort out construction projects which are related to their functions, in addition to sorting out their own routine work.

CSO: 4006/721

## FINANCE AND BANKING

### HENAN RADIO URGES BETTER MONEY MANAGEMENT

HK021052 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 1 Aug 83

[Station commentary: "Concentrate Capital and Plug the Loopholes"]

[Text] To concentrate funds and strengthen the building of priority projects is a fundamental principle of socialist planned economy. At present, our province's funds are relatively scattered, and there are many loopholes. According to statistics, in the 3-year period from 1980 to 1982, our province's total industrial output value showed an average [annual] increase of 6.7 percent, and the amount of income included in the budgets rose only 2.5 percent. On the other hand, funds scattered among various units and departments, not included in budgets, chalked up an increase of 11 percent. Some departments and units have treated these funds as family property, or small money banks, freely handing out bonuses and allowances, and freely taking up capital construction projects not included in plans. This has seriously affected the national effort in building priority projects.

The provincial government has decided that the freezing of the cash deposits not included in budgets of the administrative institutions and the departments in charge of enterprises is one of the important measures to plug the loopholes in this respect. In the past, many loopholes existed in the handling of funds due to poor management, unsound systems, and other problems, and especially and primarily due to departmentalism seriously affecting certain units and departments. Some of them adjusted downward the base of profits in order to raise the percentage of retained profits. Some withheld the taxes and profits that should be handed over to the higher levels. Some freely added to the costs, freely defrayed expenses, freely raised prices, and freely imposed assignments on capital construction units. All this directly and indirectly added to the burdens on the state. Experiences and lessons tell us that quickly plugging up all big and small loopholes in the financial field has at present become an important problem of concentrating funds and protecting priority projects. All areas, departments, and units must put emphasis on the interests of the state, strengthen ideological education among workers, integrate immediate and long-term interests, and consciously achieve the aim of subordinating the part to the whole and partial interests to general interests. Meanwhile, they must strengthen scientific management and tighten financial discipline in various links of the chain. They must organize and concentrate the largest possible amount of capital in support of the building of priority projects and the effort to invest in the training of skilled personnel. This is our inescapable duty. It is also where the long-term interests of the state and the people lie.

## FINANCE AND BANKING

### BRIEFS

HENAN FUND FREEZING--To concentrate capital and strengthen the building of priority projects, the provincial people's government has issued an urgent circular with the decision to freeze from today the cash deposits not included in budgets of the administrative institutions and the departments in charge of institutions and enterprises throughout the province. The circular says that all administrative institutions and departments in charge of institutions and enterprises should truthfully report the cases of deposits not included in budgets, including their amounts and their origins. Governments at all levels should strengthen inspection and supervision. Those units which dodge freezing by resorting to deception should be asked to make up the unreported amount in full, while the leaders in charge of these units should be held responsible in line with financial discipline. The circular requests that governments at all levels should immediately conduct studies and make proper arrangements, assigning specified personnel to take good care of this matter. Relevant workers should be transferred from financial units, people's banks, agricultural banks, and other departments concerned to form priority project offices to take charge of such work. [Text] [HK020954 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 1 Aug 83]

CSO: 4006/731

## MINERAL RESOURCES

### SHIP COLLECTS POLYMETALLIC NODULES FROM OCEAN

OW110828 Beijing XINHUA in English 0720 GMT 11 Jul 83

[Text] Shanghai, 11 Jul (XINHUA correspondent Yu Yuanjiang)--A Chinese survey ship, "Xiangyanghong No 16," returned to Shanghai this morning, after an expedition to the north Pacific Ocean.

The 4,000-ton ship collected large quantities of polymetallic nodules with the largest weighing 2.9 kilograms, according to the State Oceanography Bureau today.

The ship left Shanghai on May 7. It conducted collecting operations from May 23 to June 27 in the North Pacific Ocean between 178 and 167 degrees west longitude and 7 and 13 degrees north latitude.

"The ship, about 4,000 nautical miles away from the mainland of China, covered a module-rich area of 800,000 square kilometers with a depth of about 2,734 fathoms," a bureau official said.

It also studied sedimentation, depth, hydrology, meteorology, gravity and magnetic force on its expedition, the bureau official added.

The survey ship and the instruments and equipment aboard were all made in China.

The nodular ore contains more than 30 metal elements including manganese, copper, cobalt and nickel. Experts estimate there are more than 3,000 billion tons of nodules in the oceans, of which 1,700 billion tons are in the Pacific.

The United Nations Law of the Sea Convention signed in December, 1982, stipulates that the international seabed and minerals and other riches on it are the common heritage of mankind administrated by the international seabed authority. China is one of the 119 signatory states (organizations) of the law at the time.

CSO: 4020/105

## MINERAL RESOURCES

### BRIEFS

JILIN GOLD MINING--With the support of the state, some counties and communes in Jilin City have made full use of local favorable conditions to develop gold mining. In the first half of 1983, some 2,069 liang of gold were mined, which was 4.77 times that of 1982. [Summary] [Changchun Jilin Provincial Service in Mandarin 1030 GMT 24 Jul 83 SK]

CSO: 4006/722



## INDUSTRY

### BAOSHAN COMPLEX COMPLETES BLOOMING MILL

OW250245 Shanghai WEN HUI BAO in Chinese 16 Jul 83 p 1

[Text] The main installations of China's largest and most advanced blooming mill, the blooming mill of the Baoshan iron and steel complex, were completed yesterday. A checkup revealed that the installations met specifications 100 percent.

The No 20 metallurgical machine installation company was responsible for the consolidation of the foundation, the construction of the factory buildings and the installation of the production facilities. Now magnificent buildings, which have been painted in light green and extend over a 1-kilometer stretch, have been completed in the eastern part of the Baoshan complex, covering a total area of 550,000 square meters. The blooming mill equipped with two 1.3-meter diameter rollers, the strip rolling mill with a 2,000-ton shearing capacity to cut plate billets, a continuous roller set with three vertical rollers and three horizontal rollers for continuous and alternate operation, and the auxiliary equipment form a complete set weighing more than 4,000 tons. The blooming mill is entirely operated by computers. It can turn out plate, cubic and tubular billets. When it goes into operation, it can produce 3 million tons of billets annually.

The blooming mill is one of the major projects of the first stage of the Baoshan complex. The branch headquarters of the No 20 metallurgical machine installation company, in doing its work, maintained high standards and high qualities while imposing strict demands. When they started constructing the main installations at the beginning of 1982, the workers of the machine installation company carried out their work meticulously and adjusted the main frame of the mill to within the verticality tolerance while meeting advanced international standards.

On the evening of 15 July welding on the main body of the No 3 converter of the Baoshan iron and steel complex was completed successfully. Now all three pure oxygen top-blown converters of the Baoshan complex, each having a capacity of 300 tons--the largest in China--have been completely installed. The Baoshan complex has three converters of the same type, which will turn out 6 million tons of steel annually. Taking into consideration that it is difficult to install the No 3 converter after the No 1 and No 2 converters are in operation, and that the installation of the No 3 converter will affect the operation of the No 1 and No 2 converters once they are in production, the department concerned decided

to install the No 3 converter ahead of schedule. The workers of the No 19 metallurgical machine installation company and the industrial safety company, which were responsible for the installation and welding operations, summed up their experience and revised and improved their installation plans so as to further raise the quality and step up the speed of installation of the three converters.

CSO: 4006/722

## INDUSTRY

### DEVELOPMENT OF REFINED CHEMICALS REPORTED

Chengdu SICHUAN RIBAO in Chinese 25 May 83 p 2

[Article by Li Zhiguo [2621 3112 0948]: "Sichuan Province's Chemical Industry System Develops Refined Chemical Products; Actively Serves Agricultural Production and Consumer Goods Industries"]

[Text] Sichuan Province's chemical industry system has readjusted its product structure and has developed refined chemical products for active service to agricultural production and consumer goods industries.

The refined chemical industry is one of the rising chemical industries that has developed to meet the needs of contemporary economic life. Its products include mostly pesticides, pharmaceuticals, dyestuffs, paints and light-sensitive materials, as well as various kinds of chemical reagents and solvents that are characterized by small investment, rapid growth, numerous varieties, low energy consumption and high value. In the past, Sichuan Province's chemical industry overemphasized the basic chemical industry, whose product structure was irrational and whose economic effectiveness was not high. In recent years, it has responded to the province's economic development, making the refined chemical industry the focus of development. It has already scored outstanding accomplishments in pesticides, in chemicals for producing leather, in dyestuffs and in assistant products. The province's pesticide production developed fairly rapidly in the past, but varieties were few, quality was poor and only single forms were produced. The use over a long period of time of some old pesticide varieties enabled insects to become resistant, and pesticide effectiveness declined. These pesticides also polluted the environment. The Provincial Chemical Industry Research Institute organized forces for successful development within a short period of time of new bactericides of low residual toxicity to prevent and control bacterial blight of rice and rice blast. These were "Chuanhua-018 [1557 0553]," "Daowenling" [4470 4054 7227], as well as the bactericide "Fenxiuning" [4720 6907 1380] for use against spike smut of wheat. Their use in more than 20 provinces and municipalities including not only Sichuan but also Jiangsu, Shaanxi, and Guangdong has achieved fine results in prevention and control, and has promoted increased agricultural yields. The institute has also devoted priority attention to products urgently needed in the marketplace. Past inability of leather industry chemicals to keep pace hampered

development of high and medium-quality products by the province's leather industry for a long period of time. Last year, the Chengdu Municipal Chemical Industry Bureau organized a cooperative organization that cut across unit, trade and industry lines, to launch research on 13 leather industry projects. Products that were used following intermediate testing gained the approval of leather trades and industries. These included SCC acrylic acid resin packing agent, finely dispersed pigment pastes, and nitrocotton emulsion brightener, which met or surpassed the quality of foreign goods in the same category. Last year, the Yongchuan Natural Gas Chemical Industry Research Institute used hydrogen cyanate and sodium cyanide products that the institute had given intermediate testing, carrying out thorough processing for use in multiple ways. It developed more than 10 varieties of refined chemical products including 3-fluoro 1-chloro pyrimidine and sodium ferrocyanide for use in the production of pesticides, paints, perfumes, pharmaceuticals and dyestuffs. In last year alone, its earnings increased more than 1 million yuan. The Sichuan Dyestuffs Plant, the Chongqing Reagent Plant, and the Zigong Natural Gas Chemical Industry Research Institute developed 36 varieties of dyestuffs and assistants, eight of which have gone into batch production. After newly developed products such as the sedimenting paint developed by the Congqing Paint Plant, the high-quality perfume materials developed by units including the Chongqing Dongfanghong Reagent Plant, and the margarine, nutrients and food additives developed by units including the Chengdu Municipal Longquanduo Chemical Plant reached markets, they were generally acclaimed by users.

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CSO: 4006/615

## INDUSTRY

### BRIEFS

NEW ECONOMIC ENTITIES--By decision of the State Council, the Chinese Petro-chemical Corporation was set up. This company comprises 39 enterprises, which were formerly scattered among central government departments and in different localities around the country. These enterprises include the Petro-chemical Company, oil refineries, and fertilizer and chemical-fibre plants using petrol as their basic raw material. These enterprises now will come under the unified management and planning of the corporation, which is currently the largest national economic entity. Its establishment not only marks a new start in our petro-chemical industry, but also an important step in the nationwide reform of the economic management system. In the past 30 years, China's petro-chemical industry has undergone tremendous development. In 1949, her oil production was 0.12 million tons; in 1982 it was 102 million tons. Correspondingly oil primary processing grew from 0.11 million tons to 72 million tons. Before 1962, China was a net import country of oil and oil products, but in 1982, crude and finished products oil was China's major export commodity. [as printed] The petro-chemical industry also underwent speedy development, its growth rate far surpassing the average growth rate of all other industrial departments. This was [as printed] [Text] [HK030236 Beijing CHINA DAILY in English 3 Aug 83 p 4]

GANSU MACHINE BUILDING INDUSTRY--In the first half of this year, all subordinate enterprises of the Gansu Provincial Machine Building Industry Department fulfilled 60.8 percent of the annual quota for gross industrial output value. The gross industrial output value in the first half of this year was 36 percent higher than in the first half of last year. The products of these enterprises were marketable and the amount of these products kept in stock dropped. The income of these enterprises derived from the sale of their products from January to May was 47 percent more than in the same period last year and the profits they earned were 22 percent higher than in the corresponding period last year. The number of enterprises incurring losses dropped from 15 last year to 6 this year and the amount of losses dropped by 55 percent. [Summary] [Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 6 Jul 83 HK]

CSO: 4006/722

## CONSTRUCTION

### MINISTRY SPOKESMAN DESCRIBES URBAN CONSTRUCTION IN NATION

OW311210 Beijing XINHUA in English 0732 GMT 30 Jul 83

[Text] Beijing, July 30 (XINHUA)--About 31 million urban residents have moved into better housing since China's current building boom began in 1979, a spokesman for the Ministry of Urban and Rural Construction and Environmental Protection said today. The spokesman said 370 million square meters of housing were built in the past 4 years between 1979 and 1982. But construction was outpaced by population growth--now running at 5.55 million people a year in cities and towns. Nearly 50 million people--one-third of China's city-dwellers--are still waiting to move into new homes, he said.

There are 245 cities and 2,819 towns in China, with a total population of 142.91 million.

Stringent measures have been adopted to check the spread of large cities, the spokesman said, including curtailing capital construction projects in urban areas with over one million population. Birth control has also been encouraged to check natural growth of the population.

Efforts are being made to improve the housing utilities, public services and schools to make smaller towns and cities more attractive to urban dwellers, he said. Infrastructure and service facilities in cities are being up-dated to make residents' lives more comfortable.

The spokesman said half of China's towns now have tap-water systems. Water supplies increased by 21 times between 1949 and last year, he said, when cities consumed about 30 billion cubic meters.

Steps are also being taken to reduce air pollution caused by coal, still the major cooking and heating fuel in China. The spokesman said liquefied petroleum gas and coal gas are now used only in some major cities. Urban households used about 15 billion kilowatt-hours of electricity last year, accounting for only 5.5 percent of the national total. Cities are working to change over their municipal heating systems to protect the environment, the spokesman said.

All China's cities have also launched beautification drives during the past few years, he added. A 15-kilometer long park has been built along the Haihe River in Tianjin and a round-the-city park is under construction in the ancient walled city of Xian.

## CONSTRUCTION

### ZHEJIANG SUCCESSFULLY COMPLETES KEY PROJECTS

OW051014 [Editorial Report] Beijing XINHUA Domestic Service in Chinese at 0134 GMT on 4 August transmits a 1,100-word report on Zhejiang Province's experience in successfully completing key construction projects on or ahead of schedule, thus improving investment returns.

According to the report, "Zhejiang Province has completed and put into operation, on or ahead of schedule, the 27 large, medium-size and single-item projects that were included in the state investment plan for the 5 years between 1978 and 1982." Noting the province's success in improving investment returns, the report points out: "The rate of fixed assets in total investment during the 5 years reached 78 percent, 13 percent more than the average level of the previous 28 years."

The report summarizes the province's experience as follows: 1) It has persisted in concentrating manpower and financial and material resources in carrying out the projects. 2) It has given priority to ensuring that funds, materials, designs, construction capacity, and land requisitions are available. 3) It has set up a leading group headed by a deputy secretary of the provincial party committee and a vice governor to take charge of the construction projects. 4) It has mobilized local support.

Beijing XINHUA Domestic Service in Chinese at 0117 GMT on 4 August transmits an 1,100-word commentary by an unnamed XINHUA commentator, entitled "Enlightenment From Zhejiang's Experience." The commentary says: "The Party Central Committee and the State Council have repeatedly stressed that it is necessary to improve the investment returns of key construction projects so that they can contribute their share to the national economy in a faster and better way. How can this be done? Zhejiang's successful experience provides some ideas."

The commentary points out: "People can gain a good deal of enlightenment from Zhejiang's experience. Although quite a few problems do exist in capital construction work, they can be solved. It is not only necessary but also possible to improve the investment returns of construction projects. Of course, to turn such possibility into a reality is certainly not easy. Zhejiang's experience provides another idea: We must try our best and persist in doing well things that can be done with subjective efforts." The commentary urges all localities to learn from Zhejiang's experience by concentrating available financial and material resources in completing capital construction projects.

## CONSTRUCTION

### HEILONGJIANG: CONFERENCE ON CONTROLLING CAPITAL CONSTRUCTION

SK280241 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 26 Jul 83

[Summary] "The provincial government held a telephone conference on the evening of 26 July, calling for efforts to implement the guidelines of the State Council's emergency circular on controlling the scale of capital construction projects and checking on projects that are under construction. It also called for efforts to immediately check on all local capital construction projects across the province. Deputy Governor Hou Jie spoke at the conference."

The conference noted that this year the total investments in capital construction projects and the number of projects under construction will exceed the state plan. Therefore, it is necessary to check on projects, especially those which involve an investment of over 50,000 yuan. Projects that do not have designed construction charts or are not up to the construction standards set by the state, or projects that will cause overstocked products after completion and being put into commission must be stopped. The conference demanded efforts be made to investigate anew all new capital construction projects being constructed as planned this year and all single-item projects. Projects that do not go through the capital construction procedures or do not have conditions for construction must be stopped without exception. Innovation and transformation projects that cannot be guaranteed energy, transport and fuel and do not have favorable conditions for construction, or projects the construction of which has not been initiated even 1 year after being assigned must be stopped or delay their construction.

The conference called on all localities to strengthen leadership over this work and strive to complete checking on capital construction projects prior to the end of August.

CSO: 4006/721



## CONSTRUCTION

### GUIZHOU GOVERNMENT MEETS ON KEY CONSTRUCTION WORK

HK300518 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 29 Jul 83

[Summary] The second plenary meeting of the Guizhou Provincial People's Government was held in Guiyang from 22 to 26 July. The meeting studied the question of concentrating finances and material to insure key construction projects.

The participants held: "Guizhou is a poor province. The capital it can use in construction is extremely limited. Since liberation, the province has mainly relied on state investment to develop its resources and promote its economy. The central policy decision on concentrating finances and materials to promote key project construction is not only extremely necessary in the context of the overall situation but is also in complete accord with the fundamental interests of the people of Guizhou."

The meeting pointed out: "As a result of expanding decision making powers and instituting the system of contracted responsibilities for profit and loss in recent years, the prefectures and departments and the majority of the enterprises now have a considerable amount of capital in their possession. The living standards of people in the urban and rural areas have also shown relatively great improvement. The province's economy continued to grow in the first half of this year on the basis of the improvement of the past few years. All this creates conditions for concentrating capital for key construction projects."

The meeting stressed: "It is necessary to get a good grasp of five tasks in the second half of the year in order to implement the central principle on concentrating capital to insure key construction projects: 1) Strictly control the scale of capital construction and insure the key construction projects; 2) mobilize the people of the whole province to fulfill and overfulfill the national economic plans for 1983; 3) straighten out and transform the existing enterprises and improve economic results in an all-round way; 4) strive to increase revenue and economize expenditure, and insure the fulfillment of revenue and economize expenditure, and insure the fulfillment of revenue plans; 5) do a good job in supplying the urban and rural markets and make proper arrangements for the people's daily life."

During the meeting Governor Wang Chaowen and Vice Governors Zhang Yuhuan, Zhou Yansong, Xu Haidong, and Luo Shangcai made speeches.

CSO: 4006/721

## CONSTRUCTION

### ZHAO INSPECTS TIANJIN WATER DIVERSION PROJECT

OW010515 Beijing XINHUA Domestic Service in Chinese 1640 GMT 27 Jul 83

[Text] Tianjin, 27 Jul (XINHUA)--When Premier Zhao Ziyang inspected the project of diverting water from the Luanhe River to Tianjin today, he said: The project of diverting water from the Luanhe River to Tianjin has progressed very well. It has been a valiant battle. Many valuable experiences have been accumulated. These experiences will be extremely useful in the construction of other large-scale projects that will soon begin across the country.

He said: Recently Comrade Deng Xiaoping highly praised the project of diverting water from the Luanhe River to Tianjin and the PLA units that have taken part in this project. I have come here this time, hoping that the Tianjin Municipal CPC Committee and the PLA units taking part in the project will conscientiously sum up their experience so that the general experience in developing this water diversion project can be applied to other major construction projects throughout the country.

This morning Premier Zhao, together with Comrades Hu Qili, Hao Jianxiu, Tian Jiyun, Song Ping and Chen Zaidao, visited the site of the project of diverting water from the Luanhe River to Tianjin and saw with great enthusiasm the 12.39-kilometer water diversion tunnel. During his trip Premier Zhao made detailed inquiries on the situation in construction and about the quality of engineering. Tianjin Mayor Li Ruihuan, who is in charge of the water diversion project, briefed Premier Zhao and other leading comrades on the heroic deeds of the PLA units participating in the project. Soon afterwards Premier Zhao went to see the most important part of the water diversion project and the Daheting Reservoir.

In the afternoon Zhao Ziyang and the other leaders received representatives of the PLA Railway Corps unit building the tunnel, cadres at and above the regimental level of a PLA unit stationed in Tianjin, and representatives of the supervisors, engineers and technicians of the project command.

After hearing a briefing by a responsible person of the PLA unit working on the project, Premier Zhao said: At present a great many key projects are unsatisfactory; the time needed to complete the projects is being extended continuously, the investments are increased manifold and the quality of construction is poor. Those responsible for the projects quarrel endlessly over trifles and try to gain petty advantages at the expense of others or the state.

Unless this situation changes, we will not be able to achieve our goal even if we concentrate all our material and financial resources. He said: In order to change this situation, on one hand we must strictly enforce discipline, do more checkups, expose unhealthy trends and find out who is to blame for any malpractice; on the other hand, we must cite typical good cases and sum up good experience in order to inspire revolutionary enthusiasm and strengthen our confidence.

Zhao Ziyang said: The experience in diverting water from the Luanhe River to Tianjin is particularly valuable now, because there are still many problems in party style and in the general mood of society in the wake of the decade of chaos. Under these conditions, you have made a breakthrough and created a fine typical example. It is worthwhile to summarize and earnestly popularize this experience.

Zhao Ziyang pointed out: In summing up the experience of the project of diverting water from the Luanhe River to Tianjin, we must at least stress the following points:

1. Key projects must be genuinely crucial ones. Unless this is so, other matters are pointless. He said: On the one hand, we should not have too many so-called key projects. If all projects are key ones, they are no longer key projects. On the other hand, when a key project is confirmed, we must guarantee its development. We must go all out to firmly grasp the project. Everybody must support it and give it priority.
2. It is necessary to have a strong organizational leadership, including a good style of work, and correct policy decisions.
3. In developing key projects, it is necessary to integrate correct economic policies with a revolutionary spirit. It is also essential to institute a clear-cut responsibility system.
4. Participation in the construction of key projects by PLA troops is an important part of promoting the four modernizations. This practice has many advantages. It not only quickens the pace of developing the four modernizations and not only benefits people, but also builds closer relations between the army and the people, promotes army building and helps PLA units improve their qualities.

Hu Qili, member of the Secretariat of the CPC Central Committee, said: The victory and experience in developing this project have given people deep inspiration and filled them with confidence. They have shown everyone that the Chinese people have high aspirations and the ability and means to effectively develop the four modernizations. Any notion of belittling our strength is groundless. As long as we work hard with revolutionary enthusiasm, aim unswervingly at our target, rely on our own efforts and unite as one in struggle, we will definitely be able to do many things that seem difficult to achieve.

## CONSTRUCTION

### HEBEI LAYS DOWN CAPITAL CONSTRUCTION PROCEDURES

HK290259 Shijiazhuang HEBEI RIBAO in Chinese 10 Jul 83 p 1

[Report: "Provincial Planning Committee Responsible Comrades Answers Our Reporter's Questions Concerning Capital Construction"]

[Text] Recently, our reporter interviewed a responsible comrade of the provincial planning committee concerning problems such as control over the scale of capital construction and insuring the construction of the state's key projects. The main points of the conversation are as follows:

Question: What is the situation concerning the general investment scale of our province's capital construction?

Answer: The state has decided that the general investment scale of our province's capital construction for this year is 2.8 billion yuan. Of this figure, the investment provided by various organizations under various ministries amounts to 2 billion yuan, and the investment provided locally amounts to 0.8 billion yuan. This year, the scale of our province's capital construction is quite large, with an increase of about 30 percent over last year. Of the 70 key projects in our country, 9 items (4 of them are transprovincial) are in our province.

Question: With regard to control over the scale of capital construction and insuring the construction of the state's key projects, what kind of work has our province done?

Answer: Since the beginning of this year, in accordance with the relevant directives of the State Council, we have mainly grasped the following work items:

1. On the basis of unifying our ideology and understanding, we have formulated a number of regulations. In February this year, the provincial government specially issued a circular for this purpose. The circular stipulates that the scale of capital construction, whether they are provincial projects improved by the state or prefectural and city projects approved by the province, should be strictly controlled and should not be exceeded. As for those projects whose scale is exceeded without authorization, the responsibilities of the leaders should be affixed, and furthermore, 30 percent of construction funds for energy resources and communications should be collected. As for

investment raised by local organs, the money involved should be checked by relevant financial departments and subsequently deposited in the construction bank, and only under this arrangement can it be permitted to list such a project as a planned construction item.

2, Key construction items have been insured, with emphasis on going into production within the year. According to the needs for the economic development of the state and our province, we have set 43 items as key construction items (including those key construction items of the state) in our province. At the beginning of March, the provincial department concerned issued a circular, demanding that various departments, and various prefectures and cities should provide sufficient investment, materials, and equipment to these key construction projects, give preferential treatment to assigning design and operation personnel, and promptly solve all the problems involved in the course of construction.

[HK290301] 3. Forces from various sectors have been organized to give support to the key construction projects. Aside from the fact that the provincial government and provincial departments concerned directly supervise the key construction projects, all the prefectural, city, and county authorities have placed the work of assisting the construction of key items under their administration on the agenda. Take the Beijing-Qinghuangdao railway for example. Under the condition that the requirements were both great and urgent, the provincial government issued three separate documents for requisition of the land for use, Tangshan and Qinghuangdao, and the counties under their administration all appropriated a lot of workers and vehicles to support the construction work, and thus the progress of the construction was greatly accelerated.

Question: What are the problems currently existing in capital construction?

Answer: Judging from recent developments, the main problems are: When plans are made at the beginning of this year, because certain conditions were not accurately estimated, some projects have not been completed as originally envisaged, resulting in an increase in this year's workload; some items did not receive sufficient investment at the beginning of this year, so funds have to be added in the course of their construction; and so on and so forth. All these are factors that may entail the expansion of investment scale. Especially worth noting is that recently, some departments and regions have, under a variety of pretexts, arbitrarily added a number of outside-budget projects or expanded the scale of construction without authorization. Besides, there exist, in different degrees, the phenomena of "taking advantage of the big projects" and fleecing the public funds, which are particularly evident in requisition of land, house-demolition, and house-removal. If attention is not paid to these events, and effective measures are not adopted, there will be danger of going beyond the state's controlled scale this year.

Question: From now on, what measures are you prepared to take so that the scale of capital construction can be controlled?

Answer: With regard to strict control of the scale of capital construction and insuring the state's key construction projects, the tasks ahead are quite

arduous. In addition to further implementing the spirit of the central documents and of the provincial regulations, we mean to take the following measures:

1. A general checkup on a provincial scale on the capital construction work is to take place in July. The prefectures, cities, and counties are to act as the basic units, and are to conduct self-assessment and self-rectification.

[HK290303] The provincial departments concerned will organize work teams to carry out checkups in various places, and problems, once discovered, will be treated in accordance with relevant regulations of the state and the provincial government. With regard to arbitrary expansion of projects or the outside-budget projects, the construction work should be suspended, a checkup will be conducted, and serious treatment will be given with reference to different cases. If the case is serious, responsibilities should be affixed on the leading personnel. On the basis of the general checkup, all the projects under construction should be assessed in detail. Necessary adjustments will be made on the plans for capital construction according to the needs for the development of the national economy.

2. The channels of capital sources for capital construction will be strictly controlled. With regard to various kinds of loans, the capital outside the budget, money for small construction items, and so on, the state's relevant regulations should be strictly adhered to in terms of utilization. If the funds are used for capital construction, the money should first be deposited in the construction bank, and then the items may be listed in the plans for capital construction after they are approved by the provincial authorities in accordance with the procedure for capital construction.

3. In order to insure the progress of the state's key construction projects, in addition to publicizing the great significance of supporting these items, efforts should be made to help solve the problems occurring in the course of construction. The work teams organized by the provincial departments concerned will go to Tangshan and Qinghuangdao where there are more key construction items, so that they can promptly grasp the practical situation there, coordinate the relations among different sectors, and help solve problems. As for other key construction items, efforts should be exerted to monitor the progress of construction, discover the problems being experienced, and help solve these problems.

4. With regard to those typical instances of "taking advantages of the big projects" and fleecing the public funds, they should be seriously handled with wide publicity, so that this unhealthy tendency can be resolutely halted.

CSO: 4006/721

## DOMESTIC TRADE

### BRIEFS

GANSU CITY MARKET THRIVES--The market in Lanzhou City, Gansu Province, was further prosperous in the first half of this year. The amount of retail commodities in society was more than 500 million yuan and was some 10 percent more than in the first half of last year. The amount of food sold was 9.2 percent more than in the same period last year. The amount of pork consumed by each person was some 25 jin, the amount of edible oil consumed was 9.5 jin, and the amount of sugar consumed was some 6 jin. The amount of this food consumed exceeded that in the same period in the past. The amount of bicycles sold increased by 48 percent and the amount of radio-recorders, television sets, and washing machines sold increased by 100 percent to some 200 percent respectively. The market thrived because the income of workers and peasants increased. The total amount of savings in urban and rural areas by the end of June reached some 400 million yuan and was 30 percent more than in the corresponding period last year. [Summary] [Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 6 Jul 83 HK]

HEBEI NATIONAL PRICE CONFERENCE--Beijing, 29 Jul (XINHUA)--The national commodity price work conference was held in Zhou County, Hebei, from 15 to 28 July. The conference studied the determinants of the policy of stopping the indiscriminate raising of the prices of the means of production and discussed the measures for maintaining the basic stability of market prices, as well as the question of improving the pricing departments, ideologically and organizationally. The conference reported that, after the issuance of the "Emergency Circular on Resolutely Stopping the Arbitrary Raising of the Price of the Means of Production and the Extraction of Excessive Compensation From Construction Units" by the State Council and the Central Discipline Inspection Commission, the various localities and departments have resolutely and vigorously implemented the circular, and initial results have been achieved. In order to carry out this work more thoroughly, the conference fixed the determinants of policy which will be submitted to the State Council for examination before they are implemented. This conference also emphatically pointed out that, during the latter half of this year, it is necessary to tighten market control, strive to stabilize the prices of nonstaple foods and properly arrange for the production and supply of vegetables and meat. In order to smoothly carry out the inspection of commodity prices, the conference deemed it necessary to establish a contingent of professional commodity price inspectors and urged pricing departments at all levels to successfully carry out this work. [Text] [OW010215 Beijing XINHUA Domestic Service in Chinese 1530 GMT 29 Jul 83]

## FOREIGN TRADE

### SHANGHAI GAINS MORE AUTONOMY IN FOREIGN ECONOMIC RELATIONS, TRADE

Shanghai WEN HUI BAO in Chinese 27 Apr 83 p 1

[Dispatch by staff reporter: "The State Council Approved Report of Shanghai Municipal Government and its Request for Greater Autonomy in Foreign Economic Relations and Trade, to Create Major Conditions for 'Pushing On Abroad, Cooperation Domestically, Reforms and Development'"]

[Text] Most recently, the State Council approved the "Request for Instructions on Several Questions Concerning the Development of Shanghai's Foreign Economic Relations and Trade" submitted by the Shanghai Municipal People's Government, and the State Council expanded the autonomy of Shanghai in such areas as the utilization of foreign funds, importation of technologies and foreign trade and effected corresponding reforms in the state's financial system, taxation and credit management for Shanghai. As a result, the national economy and social developments took new strides in Shanghai toward "pushing on abroad, domestic cooperation, reforms and development," and in this respect highly important preconditions were created.

The leading comrades in the CPC Central Committee and in the State Council had repeatedly pointed out that Shanghai should play a greater role in the four modernizations drive. Granting Shanghai this expanded autonomy in utilizing foreign funds, in importing technology and in foreign trade creates a new situation in the work concerned with foreign economic relations and trade. According to the mentioned report to the State Council, which had found approval by the State Council, Shanghai will from now on actively undertake the following activities:

Utilizing foreign funds: The key here will be the development of joint-venture enterprises, cooperative business operations, leasing, developmental investments and other beneficial forms of common international usage. To help attract foreign funds, special enforcement regulations will be adopted in line with state policies and laws, to provide the appropriate favorable terms and facilities. The borrowing and repayment of these funds, unless specifically destined for state use, is to be arranged by Shanghai itself.

Importing technologies: The State Council agreed to expand Shanghai's authority to examine and approve utilization of foreign funds for the



importation of technologies and equipment, or items for assembly in China. In the future use of this authority, Shanghai will request guidance from the China National Machinery and the Technology Import and Export corporations in organizing a conference, at which the Shanghai enterprises will be the main participants, for an active discussion with foreign merchants of the utilization of foreign funds for the importation of technologies and equipment. Moreover, repayment methods will be improved in order to provide favorable conditions for enterprises which utilize foreign funds in their technical reforms.

Expansion of foreign trade: Regarding export commodities, the authority of Shanghai port to conclude foreign-trade contracts is expanded, and such trade will be made part of the state plan. The prices shall follow market conditions within the ranges determined by the special foreign-trade corporations. As to imports, Shanghai will in future use local foreign exchange, retained shares of foreign exchange, foreign exchange raised by Shanghai itself and foreign loans, and will order directly from abroad whatever materials are needed in production, such items to be made part of the state plan. On the premise of upholding a unified stand in all foreign matters, apart from the foreign-trade enterprises engaging in exports, exports may also be carried out, as the diverse trades and commodities require, jointly by industry and trade, jointly by industry and trade concluding their own transactions, by the industrial enterprises themselves and by export-trade enterprises acting as export agents, thereby opening up and expanding further international markets.

Strengthening Shanghai port as an effective hub for international and domestic economic exchanges: While developing favorable conditions for overseas trading as a port of transshipments and as a source of information, Shanghai will not only develop its own foreign economic relations and trade, but will also provide facilities for and serve the import and export business of other provinces in the Yangtze delta and of the hinterland, a case of "those nearby welcoming that which comes from afar." For this purpose, Shanghai will maintain a relationship with fraternal territories of allocating and transferring their export commodities and will consider adopting such business methods as joint contracts, joint business operations, or export agency operations, organizing joint companies for the exploitation of natural resources, joint production companies, joint foreign-trade companies, foreign-trade-service companies, trade-information-service companies and thereby gradually strengthen Shanghai port as an effective hub for foreign and domestic trade exchanges. Shanghai must also establish trade organs abroad and must also develop a local fleet of ships and devise other methods to promptly solve the transportation problems in connection with foreign trade.

Strengthening the training and selection of competent personnel to serve in foreign economic relations and trade: It should be considered to have Fudan University, Shanghai Jiaotong University, Shanghai College of Finance and Commerce, Shanghai College of Foreign Trade strengthen, or additionally institute, special courses on foreign trade, and furthermore institute cadre training courses and sparetime universities. At the same time, selected elementary schools should intensify their foreign-language courses and certain

middle schools should start classed in finance, accounting and elementary knowledge of foreign trade to prepare for the special courses in foreign trade at Shanghai's institutions of higher learning. We must also openly recruit in a planned way from among personnel on active duty and from people of all walks of life persons competent for foreign trade, and engage specialists to serve as advisers or employees in the foreign-trade enterprises.

The fact that the State Council approved the request of the Shanghai People's Government is a great encouragement and stimulus regarding all work concerning Shanghai. Mayor Wang Daohan [3076 6670 3211] said in his report on the work of the government submitted to the Municipal People's Congress: We are determined to make good use of the authority entrusted to us by the state and the people. We shall maintain a high sense of responsibility and urgency, working cautiously and conscientiously. Under the guidance and with the support of the various departments of the State Council, we shall fully mobilize the forces in all quarters of the entire municipality, actively shoulder the responsibility, plan well, manage well, carry out well and achieve effective results with every single step.

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CSO: 4006/562

## FOREIGN TRADE

### FOREIGN EXCHANGE EARNED BY LIAONING

Shenyang SHICHANG ZHOUBAO in Chinese 17 May 83 p 1

[Article by Rui Yejun [5360 6851 6511] of the Provincial Planning Committee, headed: "Our Province Is First in Total Earnings of Foreign Exchange from Exports; Conspicuous Improvement in the Quality of Export Commodities; Certain Products Much Inferior to Foreign Products"]

[Text] The total value of our export trade has risen rapidly, the assortment of goods has greatly increased, and there has been a great change in the quality of the commodities. We have economic relations with 135 countries and areas and have over 10,000 customers. Our province is first in total earnings of foreign exchange from exports. The value of procurements of export commodities in our province exceeds 3 billion yuan, which is more than double the 1978 figure. The assortment of export commodities comprises over 620 items, and some 30-odd items account for over \$5 million each. For instance, in 1982 exports from the Dalian Glassware Factory reached \$5.15 billion. Last year this factory adopted 20 specific measures to improve the quality of its products and established a system of quality guarantees. Its products were honored with one golden plaque, one silver plaque, one provincial award for excellence and two municipal awards for high repute. The Wafangjian Bearing Factory has a history of more than 10 years exporting its bearings, and its exports exceeded 5.4 million sets, earning \$39.3 million. The factory gradually increased the various types of its export assortment to the present almost 200 types, which are marketed at nine trading ports throughout the country and shipped to 65 countries and areas. New developments were achieved in the exports of pharmaceuticals manufactured by the main plant of the Northeastern Pharmaceutical Factory. All of its 17 export products were up to the latest state standards, and their reputation was such that they were exempted from inspection by the foreign trade bureaus. The products were sold to 45 countries and areas and highly welcomed by merchants abroad.

There was a comparatively rapid improvement in the quality of export commodities from our province, however, certain export commodities were in many respects still inferior to foreign goods. There were commodities that did not measure up in quality, that were slow in changing in varieties and design, and that quite obviously had little competitive strength. There were many low-grade goods and few of medium and high grade.

Raw materials and initially processed goods prevailed, while few were finished products or processed to a high degree. Most were old-type products, and there were few new items. Problems of quality also affected the exports of sewing machines, borax, drawn-work embroidery, thermos bottles, pianos and alarm clocks. The tobacco leaf exported from our province contained too much "green" material, and quality was not stable, flavor was inferior, greens and yellows were mixed up and grades were intermixed. Good-grade tobacco was, therefore, unable to get a good price. The ceramics for export were unsightly, of insufficient whiteness and showed defects, pores, sandy implants, off shades, scratched coating, too thick roughcasts, deformations, lead content, etc. The style of the thermos bottles was old-fashioned; the bottles were of low quality and had to be sold below Hong Kong \$10 in the Hong Kong market. The "Great Wall" brand white tiles, once selling well in the international market, had lost their good reputation due to deterioration of quality. Owing to serious design and coloration defects, only 30 percent of the medium weight imitation woolencloth was up to standard, and this badly affected the export of this material.

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CSO: 4006/562

## FOREIGN TRADE

### BRIEFS

SHAANXI FOREIGN TRADE--Since the beginning of this year, Shaanxi Province has quickly developed foreign trade. The total value of exported commodities in the province by the end of June reached \$21.33 million, which accounted for 61.5 percent of the annual quota for foreign trade and was 17 percent more than in the same period last year. In the first half of this year, the province fulfilled 55.2 percent of the annual quota for procuring exported commodities and the amount of exported commodities procured was 9.7 percent more than in the corresponding period last year. The amount of exported textiles was 61.5 percent more than in the same period last year. The amount of exported native products was approximately 8 percent more than in the same period last year. [Summary]' [Xian Shaanxi Provincial Service in Mandarin 0500 GMT 8 Jul 83 HK]

SHANGHAI FOREIGN ECONOMIC COOPERATION--Shanghai, 2 Aug (XINHUA)--The Shanghai Municipal Government can now approve on its own imports of technology worth up to 10 million U.S. dollars, a spokesman for the municipal government said today. China's State Council has given the city more initiative in making use of foreign funds, importing technology, expanding foreign trade and providing services. Shanghai, China's largest industrial and business center, also plans to start cooperative business operations overseas as well as in Hong Kong and Macao. When necessary, the spokesman said, Shanghai may directly raise funds on the international monetary market. The municipal government is authorized to issue import and export licenses to foreign trade departments and enterprises. Overseas investors will be given preferential treatment to encourage them to set up cooperative undertakings in the city, he said. [Text] [OW021437 Beijing XINHUA in English 1256 GMT 2 Aug 83]

SHANGHAI INTERNATIONAL INVESTMENT TALKS--Shanghai, 3 Aug (XINHUA)--Contracts, agreements and letters of intent were signed for 40 projects at the Shanghai negotiations for international investment and technical cooperation, which ended successfully on Monday. A dozen joint ventures are to be established between Shanghai and Japan, the United States, the Federal Republic of Germany, Britain, Greece, and Hong Kong. Among them are a garment factory, a textile mill, printing and dyeing mill, a thread mill, a knitwear mill and a toy factory. The new enterprises will be sited in Shanghai or overseas. More than ten protocols for business cooperation were signed between Shanghai and overseas banks. Shanghai will also import over ten items of technical equipment for revamping old enterprises. Overseas investors also showed interest in the opening of the Minhang export industrial area and the construction of the new harbor area in Shanghai. The week-long Shanghai negotiations, sponsored by the Shanghai investment and trust corporation, were attended by more than 800 entrepreneurs and bankers from over 500 overseas firms. [Text] [OW030741 Beijing XINHUA in English 0727 GMT 3 Aug 83]

NINGXIA-U.S. FUR PRODUCTION--Yinchuan, July 24 (XINHUA)--A Chinese company and an American company have agreed to cooperate in the production and sale of Tibetan lamb fur goods, special products of the Ningxia Hui Autonomous Region, northwest China. An agreement was signed on 3 July by the Ningxia Fur and Leather Industrial Company and Joseph Corn and Son of the United States. The American company will provide modern processing and tanning facilities and send experts to the Yinchuan Fur Factory in Ningxia. The first exports--fur coats and mattresses--are expected to enter the U.S. market in August or September, according to the agreement. Tibetan lamb fur goods have thick, curly wool and thin skins, and weigh only one-fifth to one-third as much as similar goods made elsewhere. [Text] [Beijing XINHUA English 0252 GMT 24 Jul 83 OW]

FOREIGN TECHNOLOGY EXHIBIT--An exhibition on the achievements of utilizing foreign investment and importing foreign technology in Guangdong Province opens today [2 August]. Last night, Ren Zhongyi, Li Jianzhen, (Wang De), Kou Qingyan, and other comrades visited the exhibition. Ren Zhongyi and Li Jianzhen separately had a group photo taken with Shenzhen's female guides, who work for the management bureau of the Overseas Chinese farm. They encouraged the guides to do a good job in narration work at the exhibition and to propagate the province's achievements made by implementing special policies and flexible measures formulated by the CPC Central Committee. After his visit, Comrade Ren Zhongyi wrote an inscription for the exhibition, which reads: Adhere to the open-door policy for foreign countries, energetically utilize foreign investment, introduce advanced foreign technology, and accelerate the four modernizations drive. [Text] [HK020946 Guangzhou Guangdong Provincial Service in Mandarin 2300 GMT 1 Aug 83]

CSO: 4006/731

## LABOR AND WAGES

### NIE RONGGUI SPEECH TO SICHUAN TRADE UNION CONGRESS

HK290701 Chengdu SICHUAN RIBAO in Chinese 19 Jul 83 p 1

[Speech by "Comrade" Nie Ronggui [5119 2837 6311], delivered at the seventh provincial trade union congress on behalf of the provincial CPC committee]

[Text] The seventh Sichuan provincial trade union congress solemnly opened today. The current congress is called at a time when the people of various nationalities are continuing to study and implement in a deep-going way the spirit of the 12th CPC National Congress and of the 1st Session of the 6th NPC, to accelerate socialist modernization, and to greet the new situation of economic invigoration. The convening of this congress will play an important role in uniting and leading the broad masses of workers and staff of the whole province, in creating a new situation in all fields of socialist modernization and realizing a change for the better in three aspects; and in the overall implementation of the important instruction issued by the CPC Central Secretariat on strengthening trade union work, and doing a good job in the construction of trade unions and the contingent of workers and staff. I extend my warm congratulations on behalf of the provincial CPC committee to this congress!

Since the 3d Plenary Session of the 11th CPC Central Committee, the people of various nationalities of the whole province have been seriously implementing the party's line, principles, and policies, and upholding the four basic principles, continuously eliminating the "leftist" influence in various fields, and have brought order out of chaos in guiding ideology; and we realized the political situation of stability and unity at a relatively early date. There has been an obvious change for the better in the social mood. The people are high-spirited and vigorous, and are enjoying peace of mind. There is a continuous growth in industrial and agricultural production; the market is prosperous and thriving in both urban and rural areas; there is a steady improvement in the standard of living of the people, and all economic work has been on the track of steady advance and healthy development. At present, like the rest of the nation, the situation in our province is fine, and this is the best historical period since the founding of the PRC. The achievement of these vital victories would have been impossible without the broad masses of workers and staff diligently working, struggling hard at their posts, and bringing into play their role as the main force. The working class of our province had made tremendous contributions in the course of great historic change. Under party leadership, the trade unions at various levels of the whole province have also

done a large amount of work, and have played an active role and made great achievements in linking closely the party with the masses of workers and staff, and in promoting the construction of socialist material civilization and socialist spiritual civilization. Here, on behalf of the provincial CPC committee, I should like to express cordial regards and salutations to the broad masses of workers and staffs and the broad masses of trade union cadres fighting on various fronts!

[HK290703] The 12th CPC National Congress has put forward to the people of the whole nation the magnificent program for the construction of socialist modernization. It is necessary to strive for the realization of a basic change for the better in the financial and economic situation, the social mood, and the party style. Under the premises of raising economic results, we are to insure the quadrupling of the annual gross value of industrial and agricultural output by the end of the century. This is a glorious and arduous historic mission endowed to the working class of our country in the new historic period. In order to victoriously fulfill such a great historic task, it is necessary for the broad masses of workers and staff of the whole province to work hard in the study of Marxism-Leninism-Mao Zedong Thought, establish a Marxist world outlook, incessantly eliminate nonproletarian ideas and various erroneous trends, uphold the four basic principles, and preserve the true color inherent in the working class, with a strong sense of responsibility as masters and in the spirit of going all out to make progress. While strengthening political study, it is necessary to strengthen the study of science and culture, and professional technology. In his report made to the 12th CPC National Congress, Comrade Hu Yaobang has pointed out that the key to the four modernizations is the modernization of science and technology. If we are to rely on the progress of science and technology to invigorate the economy, it will be necessary for us to raise our level of culture and technology, and master as soon as possible advanced science and technology. The party, government, and mass organizations should all start from the construction of a high level of socialist material civilization and spiritual civilization, and greatly strengthen the political, cultural, and technological education of the workers and staff. It is necessary to exploit potentials, create conditions, and bring into play the initiative of every aspect, and go in for running various types of part-time education at various levels for workers and staff so as to meet the need of the broad masses of workers and staff in their study. We will strive to bring up the broad masses of workers and staff to be a new generation of people with ideal, moral character, culture and good discipline, so as to make greater contributions to socialist modernization construction.

The trade union is a mass organization under the leadership of the party, which represents the interests of and handles the affairs for the working class. All trade unions at various levels should observe this instruction of the CPC Central Committee, maintain close links with the masses, understand and reflect the voice and demand of the workers and staff at all times, and speak and handle affairs for them so that their democratic rights and material interests will be properly protected from violation. Only by so doing will the trade union enjoy prestige among the workers and staff, possess appeal, and fully play its active role in ideological education, enterprise management, and various fields in social life. The trade union is a tie that links the party with the masses of



its own class, and assists in carrying out mass party work among the masses. It is wrong to think of the trade union, which works for the interest of the working class, as conflicting with the party, which represents the interests of the working class. It is also necessary to see that bureaucratism still exists in some units, and cases of violating the interest of the working class occur now and then. Under such circumstances, the trade union should resolutely safeguard the interests of the workers, and fight against unhealthy trends and bad practices. The trade union safeguards the party's interests in doing so. CPC committees at various levels should resolutely support trade unions in their fight against whatever actions violate the interest of the working class. In representing the interests of the workers and staff, it is necessary for the trade union to unify current and long-term interests. While solving problems of the current interests of workers and staff of immediate concern to themselves, it is necessary to guide them to see the whole picture of the socialist cause, and the long-term interests of the working class, so as to conscientiously make more contributions to the nation, and correctly solve the problem of the relations between the state, collective, and individual.

[HK290705] To wholeheartedly rely on the working class has been the persistent policy of our party. As early as the Second Plenary Session of the Seventh CPC Central Committee, Comrade Mao Zedong explicitly pointed out that it was necessary to wholeheartedly rely on the working class in the cities. There are 7 million workers and staff in our province, and they are the masters of the enterprises. It is necessary to rely on them in all work, and bring into full play their initiative and creativity. In his report made at the 12th CPC National Congress, Comrade Hu Yaobang pointed out, "our party is the political party of the working class. It is imperative to rely on the masses of our own class.... It is imperative to greatly strengthen the work of the party in the trade union, and make the trade union a strong tie linking the party with the masses of workers." CPC committees at all levels should put trade union work on their agenda, and regard strengthening party leadership over the trade union as an important task. CPC committees at all levels should support the work of the trade unions in accordance with their own characteristics, so that they will be able to unfold various activities on their own initiative, independently, responsibly, and boldly without restraint, and exercise their own functions. It is necessary to create conditions in various aspects for the trade unions to unfold their activities in upholding the rights of the workers and staff. At present, the most important point is to help trade unions at various levels do a good job in the restructuring and building of their leading bodies. It is necessary to assign cadres to leading bodies as soon as possible in accordance with the principle of making the contingent of cadres revolutionary, younger, better educated, and more specialized, and with the requirements of the CPC Central Committee and the provincial CPC committee concerning the assigning of trade union cadres. We will promote to leading posts a large number of middle-aged and young cadres who are in their prime of life, possessing culture and knowledge and maintaining close links with the masses of workers, so that there will be a notable change in the age and cultural background of the leading bodies of the trade unions at various levels. Trade unions at various levels in the localities should be treated the same as the various departments under the CPC committees at the same level. Governments at various levels, responsible departments, and enterprises, institutions and units should solve,

in accordance with relevant stipulations, practical problems such as necessary places and equipment for the trade unions to unfold their activities, and the livelihood of trade union cadres.

Trade union cadres at various levels should all emancipate their minds, invigorate their spirit, improve their work method, change their work style, closely connect with the masses, serve the masses of workers and staffs heart and soul, run the trade unions as a genuine "home of the workers and staff," and "friend of the workers," be a good assistant to the party, and make new contributions to their work.

It is imperative to resolutely march along the orientation guided by the 12th CPC Central Committee, unite, be of one heart and one mind, and go all out, so as to make still greater contributions to creating a new situation in the socialist modernization in our province.

May the congress be a complete success!

CSO: 4006/722

chairman of the provincial federation of trade unions, delivered the closing speech. The deputies to the congress listened, examined, and discussed the work report made by (Tao Chungen) on behalf of the fifth committee of the provincial federation of trade unions. They examined and discussed the report on the financial work of the fifth committee and adopted corresponding resolutions. They elected the 6th committee of the provincial federation of trade unions and 38 comrades to be the provincial deputies to the 10th Congress of Trade Unions in China. [Summary] [Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 19 Jul 83 HK]

CSO: 4006/722

## GENERAL

### RENMIN RIBAO ON NATIONAL PRODUCT INDEX SYSTEM

HK290953 Beijing RENMIN RIBAO in Chinese 18 Jul 83 p 5

[Article by Qian Baihai [6929 0130 3189], Huang Liangwen [7806 5328 2429] and Weng Lixin [5040 4409 7451]: "Set Up a National Product Composite Index System With Chinese Characteristics"]

[Text] Building a socialist China with her own characteristics means going our own way by taking our country's actual situation as the point of departure. We should also meet this demand while setting up a national product composite index system.

Scientific indices are a basis for scientific analysis. In our country, two indices are generally used to reflect the development level of our national economy: The gross output value and the net output value, the former being used as the principal index. Since the gross output value includes the non-added value due to double-counting of materials and other supplies, it can hardly reflect the actual economic development level. That is why some people are advocating substituting the net output value for the gross output value as the principal index. In fact, there is still another index corresponding to the gross output value and the net output value. This is the final output value. The final output value index plays a special role in reflecting the overall development level of the national economy. We suggest setting up a national product composite index system which uses a combination of the final output value, the gross output value, and the net output value with the first one as the principal index.

#### The Final Output Value Is the Full Value of the Final Products of a Society

Final product and intermediate product are terms relative to each other. Intermediate products refer to the products which are manufactured and used up again in processing in the current period, such as various kinds of raw materials and other supplies and accessories which are used up. Final products refer to the products which are manufactured in the current period, but, instead of being further processed, are available for final consumption and use in the current period. In "Das Kapital," "The Theory of Surplus Value" and his other works, Marx mentioned the economic term final product many times. The final output is the full value of the final products. Therefore, the final output value equals the gross output value of a society less the value of intermediate goods.

As an index, the final output value plays a very important role in reflecting the development level of the national economy and in formulating national economic plans.

The final output value is distinct from, as well as related to, the gross output value and the net output value; they may thus constitute a national product composite index system by supplementing each other. As regards the methods of compiling statistics, there are two major systems of calculation in the world, adopted in the East and in the West respectively. The Eastern system calculates the output value of material production departments only, while the Western system calculates the output value of all the sectors which receive an income (including material production sectors and the service sector). But, the above-mentioned three indices are used both in the East and in the West, although under different terms and with somewhat different definition and content.

The gross output value includes all the means of production and all the means of consumption produced in the current period. The gross industrial output value is calculated on "a factory output value" basis with all the products evaluated at their full prices, regardless of whether a product has been further processed in other factories. Being the sum of the total output value of all factories, the gross industrial output value necessarily includes double-counting of the value of those products which have been used up while being further processed in other factories. Moreover, the more developed the division of labor is, the greater the extent of double-counting. At the National Conference for Promoting Science and Technology, Comrade Zhao Ziyang pointed out: "As regards planning systems, the problems in the index system must be solved. Using the gross output value as the principal index has serious disadvantages, for it is a disincentive to saving raw materials and other inputs, to reducing costs, and to the adoption of new technology."

Like the net output value, the final output value excludes double-counting of the value of intermediate goods such as raw materials and other supplies. But there is a difference between them. The net output value includes only a part of the value represented by the fixed assets used for production in the current period, in other words, it includes only the fixed assets acquired with new investment; as to the final output value, it includes the value of all the fixed assets used for production in the current period, whether they are purchased with new investment or with depreciation funds. In real economic life, it is hard to draw a clear-cutline of demarcation between the two sources of funds--the fund for fresh investment in fixed assets and the depreciation fund. Besides, the depreciation fund and the new investment fund are often pooled together for capital expenditure. The final output value is appropriate for fully reflecting this aspect of the physical content, showing very great superiority.

It should be pointed out that since the output value index is a value index for output, we should base statistics on what has actually been produced, instead of taking the source of the fund out of which fixed assets are purchased as the criterion of including or excluding a product in the current production period. Therefore, for the purposes of calculating the overall final results of the current production period and reflecting the overall development level of the national economy, the final output value is superior to the gross output value and to the net output value.

[HK290955] Final Output Value Best Suits International Comparison

As our foreign economic relations have been developing from day to day, international comparison of statistics indices has been gaining growing importance. Since the gross output value includes, to a varying degree, double-counting of intermediate goods, it is not suitable for international comparison. The net output value excludes all nonadded value and therefore could be used for international comparison. But the East and the West not only hold different views as to whether services may provide net output value, but also have different understanding as the relationship between the net output value and the national income. In the East, the national income is regarded as a sum of the net output values of all the departments while in the West, instead of the sum of the net output values of all the sectors, only the part of net output value which forms personal income is regarded as national income. For them, the formula is:

Net national product less indirect taxes equals national income.

Under such circumstances, in order to compare our national income indices with those of the Western countries, we have to make adjustment and conversion in two ways. One way is to adjust the value of services by adding our value of services to our national income or by deducting the value of services of the Western countries from their respective national incomes; the other way is to adjust indirect taxes (indirect taxes mainly refer to commodity sales tax) by deducting indirect taxes from our national income or by adding indirect taxes to the national income of a Western country. But, it is troublesome to make such conversions and besides, the Western countries do not take the national income as the principal index. If the final output value index is used for international comparison, it is enough to convert the index once, that is, we may either add the value of services to our final output value to get what is equivalent to the gross national product in the West, or we may deduct the value of services from the GNP of a Western country to get the corresponding final output value. We have used relevant materials published by the United States to work out the United States' final output value from 1950 to 1980 by deducting the value of services from the GNP of the United States from 1950 to 1980; furthermore, by comparing the GNP which included services with the final output value which excluded services, we have arrived at the inflated percentage of the United States' GNP due to the inclusion of the value of services. Since services have accounted for a continually growing percentage, this inflated percentage has also tended to grow from year to year, going up to 48 percent in 1980 from 34 percent in 1950. When the United States' GNP and the above-mentioned inflated percentage are available, it is possible to calculate the final output value according to the Eastern criteria. For instance, the United States' GNP was 2,937.7 billion dollars in 1981 and the inflated percentage is about 48 percent, thus, the value added by the U.S. material production sectors in that year, that is, the final output value, should be: 2,937.7 divided by (1 plus 48 percent) equals 1,984.9 billion dollars.

As to whether service departments should calculate their output value, extremely divergent views exist in our country. There are pros and cons and in the opinion of some people, only part of services should be calculated. This is precisely a concrete example reflecting the views held by three schools which

interpret productive labor in a broad, or strict, or intermediate sense respectively. This issue needs further discussion. But in the view of the large number of persons engaging in service departments, the multifarious categories of service occupations, and the increasing share taken by the service departments, it is certainly extremely necessary to reflect the total amount of service departments' activities by means of a service value index. This will greatly facilitate the work of running the national economy and the comparison of international economic data. If the final output value as well as the corresponding service value index are available, by adding them up, we may easily get our gross national product as defined in the Western way so as to better compare and analyze international economic data.

### The History of Output Value Indices in Retrospect

The study of output value indices has already had a very long history. But at its early stages, calculation of social output value responded mainly to academic interest and research requirements. For the purpose of setting up statistics systems, calculation of output value indices started, in fact, a century and more ago.

At first, all the capitalist countries in the world adopted the gross output value index. Sweden started first in 1830, the United States in 1850 and many other countries including Great Britain, Germany, Canada and Russia adopted the gross output value index one after the other. As from the 1930's, they have, instead, adopted the gross national product as the principal index. The United States did so first, officially starting to calculate the gross national product and national income indices in 1932; Great Britain adopted the index slightly later, in 1938. After World War II, the gross national product has been widely adopted by many countries as the principal index.

[HK290957] The shift from taking the gross output value to taking the gross national product as the principal index in the capitalist countries is closely related to the need for the state to intervene in economic life and to run the economy at macroeconomic level. The national accounts of all these countries are based on the gross national product. Evidently, the final output value has a special position and role in the running of the national economy.

Ten years ago, commissioned by the National Planning Committee, we studied how the United States compiled statistics on the gross national product and the national income. In our report, we also put forward the proposal that we should set up an index system which uses the final output value as the principal index while including the gross output value and net output value as indices. The authorities concerned showed interest in, and attached importance to, this proposal. A decade has elapsed since then and in view of the new situation and in the light of the spirit of the 3d Plenary Session of the 11th CPC Central Committee and the 12th CPC National Congress, we feel all the more that this proposal is necessary and feasible for it corresponds to the reality of our country. For all kinds of reasons, some comrades in our country once considered that the gross output value and net output value were socialist indices while the gross national product is a capitalist index. This is a misunderstanding. Since the 3d Plenary Session of the 11th CPC Central Committee, party and

government leaders have many times mentioned \$1,000 per capita gross national product as the economic development target to be reached by the end of this century, making China a middle-income country. The National Statistics Bureau and the statistics departments of many provinces and municipalities have calculated the gross national product on a national, provincial, or municipal basis respectively and have made comparison and analysis. Setting up a national product composite index system with the final output value as the principal index may not only better meet the requirements of running the national economy and comparing international economic performances, but also impart to the index system Chinese socialist characteristics.

Since there are no all-purpose indices, we should use a combination of indices by avoiding their disadvantages and making use of their advantages in such a way that they will be complementary to each other. Our suggestion that the final output value should be used as the principal index is merely limited to the use of the final output value to reflect the growth scale and the growth rate of our national economy by calculating some proportionate relationships. As to other economic aspects, such as the input to output ratio which is used to study the national economy, the relationship between distribution and redistribution, and the accumulation to consumption ratio, which are used to study the national income as well as the analysis of enterprise production and operations, the gross output value or the net output value should still be used as the principal index as the case may be. As regards some indices used in analysis such as productivity, output value to profit ratio, and capital turnover coefficient, detailed analysis on a case to case basis is necessary to determine what output value index is the most suitable one.

Regarded as a sum of factor incomes, the final output value equals the net output value plus depreciation. Therefore, on the basis of the net output value that all the departments of our country are required to calculate, it is relatively easy to work out the final output value. The trouble is that people are still not very familiar with the final output value index and do not know much about it. Therefore, it is necessary to introduce and propagate its definition, content, and role more widely.

CSO: 4006/722



## GENERAL

### JIANGSU'S SOCIOECONOMIC ACHIEVEMENT DURING THE LAST THREE YEARS

Nanjing XINHUA RIBAO in Chinese 23 Apr 83 p 1

[Dispatch by staff reporter: "Outstanding Achievements on All Fronts of Our Province During the Last 3 Years; Creating Order Out of Chaos; Steady Progress in Our Readjustments"]

[Text] In his report to the First Session of the Sixth Provincial People's Congress, Acting Provincial Governor Han Peixin [7281 1014 1207] said, that in the last 3 years, major successes have been achieved on all fronts thanks to the arduous work of the people of the entire province.

1. The countryside has experienced a great transformation, and new developments are taking place in agricultural production. Operations on a contract basis with single-peasant households as units have already become the major pattern of our province's responsibility system in agricultural production. In the course of promoting the system of contractual responsibility linked with production, many specialized households and key households with special technical skills or managerial abilities have emerged, and a new system of combined economic operations has arisen. As the broad masses of peasants learn science and a great mass fervor has awakened to apply science, various new forms of applying agricultural technology have made their appearance one after the other. In 1982, the annual gross value of the province's agricultural production rose 12.4 percent over that of the preceding year, 25.9 percent over 1979, and during the last 3 years increased at an average rate of 6.6 percent a year. The value of forestry, animal husbandry, sideline production and fishery (including brigade-run industries) accounted for more or less 40 percent of the total gross value of agricultural production. Total grain production increased 9.4 percent compared with that of 1979; cotton production, 7.8 percent; oil-bearing crops, 110 percent; silk worm cocoons, tea and aquatic products also all exceeded past records. The value of commune and brigade-run industrial production increased 76.7 percent compared with 1979, accounting for 18 percent of the total value of industrial and agricultural output of the province, and their payments of taxes accounted for 17.8 percent of the total provincial tax revenue. Not only did they employ over 4 million surplus agricultural manpower, but also grew into a major organic part of the agricultural economy. The disparity in production between the northern and southern regions of our province is decreasing,

and the area of Xuzhou and the Huai River has become a new marketable grain base of our province. The grain taxed, bought up as excess production and sold at negotiated prices increased 35 percent compared with 1979; the proportion of marketable grain reached 24.4 percent.

2. Industry and communications have developed steadily, while economic results have gone up. We have readjusted the production structure and product structure of industry and instituted a reorganization and combining of industries. The industrial and communications enterprises have generally instituted the economic-responsibility system and began to perfect their business management. Fairly substantial reductions were made in investments for basic construction projects of a general production character, thus ensuring construction of the key projects of the state. During the last 3 years, newly added fixed assets amounted to 8.85 billion yuan. The gross value of industrial output in 1982 rose 8 percent over that of the preceding year and 38.4 percent over that of 1979. The increases in light and heavy industries were 53.6 and 20.9 percent, respectively, compared with 1979. The industrial enterprises of the whole province developed over 3,000 new products per year and about 20,000 new varieties, new designs and new packaging. In the 3 consecutive years of overfulfillment of state directives concerning conservation of energy, energy resources of various kinds equivalent to 3.3 million tons of standard coal were saved. The constant cost of production of industrial products was reduced and the rate of profit and tax revenue per 100 yuan of capital funds in the local state-run industrial enterprises went up. The amount of passenger and goods traffic, mail and telecommunications increased year by year.

3. The initial readjustment of the system of commercial circulation has expanded the interflow of goods and materials between city and countryside. Last year the total amount of procurements by all commercial enterprises owned by the whole province or the whole people increased 28.8 percent compared with 1979, the average increase being 8.8 percent per year. The amount of retail sales of social commodities throughout the year increased 44 percent over 1979, the average increase being 13 percent per year. The total amount of procurements for foreign trade in 1982 increased 46.9 percent over 1979. The total value of goods directly exported by the province itself almost doubled compared with 1979, and both procurements and exports achieved record figures.

4. Scientific, educational, cultural and public health undertakings were strengthened and developed. We begun to value the work of the intellectuals. Most importantly, we adjusted the work of the over 22,000 scientific and technical personnel who were on jobs for which they had not been trained. We instituted the comprehensive redesignation of technical jobs for the over 110,000 specialists of every rank and category, reexamining their qualifications and promoting them. In 1982, the expenditure for scientific, educational, cultural and public health affairs over the whole province was 64.8 percent above that of 1979; its proportion of the entire local expenditure of the province rose from 17.6 percent in 1979 to 34.6 percent.

5. The people's living conditions improved year by year. An investigation of typical cases revealed that the distribution in the rural collectives throughout the province increased each person's income on the average by 12.6 percent compared to 1979. Almost one-fourth of the province's rural population moved into new houses. During the last 3 years, the cities gave employment through various channels to 810,000 persons. In 1982, the average annual wage or salary of all the workers and employees in the cities had risen 21 percent compared with 1979. Savings deposits of the urban and rural population were more than double at the end of 1982 as compared with the amount at the end of 1979.

6. There has been a marked improvement in the general mood of society and in public order. During the activities in connection with the "five stresses, four points of beauty, three deep affections" and the "culture and courtesy month of the whole people," young people, cadres, the masses and soldiers of the PLA came into the streets by the thousands and tens of thousands. They involved themselves closely with the residents and launched such activities as learning from Lei Feng, doing good deeds and caring for the needy. Most cities, as well as certain townships and villages, started to change the state of dirt, messiness and general deficiencies. Moreover, in Xuzhou and other places the military and civilian population joined in building culture villages, culture streets and made the "five stresses, four points of beauty, three deep affections" activities a constant and institutionalized affair. The people's governments and public security organs, together with the procuratorate, the law courts and other related quarters, realying on the broad masses of the people, continued to launch the struggle in depth for the consolidation of public security and against crime. Public security and social order experienced a marked turn for the better, and the number of criminal cases began to decrease. In 1982, there were 3.4 percent fewer criminal cases throughout the province compared with the preceding year, and disputes among the people also decreased. Beginning in 1982, our province launched a struggle against serious crimes in the economic field, concentrating much energy on this task and as key achievements brought to light several major and important cases.

In foreign affairs, foreign economic relations, tourism and overseas Chinese affairs much work has been done and great successes have been achieved.

Acting Provincial Governor Han Peixin said in his report: In more than 3 years, our achievements in creating order out of chaos have exceeded all our expectations. The political situation of stability and unity has been further consolidated, and the readjustment of the national economy has achieved great success. The gross value of industrial and agricultural output in 1982 grew 9.4 percent over that of the preceding year and 34.2 percent compared to 1979, the average increase over the last 3 years being 10.3 percent. The total provincial revenue in 1982 increased 5.7 percent over that of the preceding year and was 12.4 percent over that of 1979, establishing a record in our provincial revenue. Expenditure decreased 21.9 percent compared with 1979.

GENERAL

ECONOMIST VIEWS GUANGZHOU'S ROLE IN NATION'S ECONOMY

HK290556 Guangzhou YANGCHENG WANBAO in Chinese 27 Jul 83 p 1

[Report by reporters Liu Wanling [0491 1238 3781] and Lan Guliang [5663 2710 5328]: "Tong Dalin, Vice Chairman of the State Economic Structural Reform Commission, Says That Guangzhou Should Strive To Play an Active Role in China's Economic Construction"]

[Text] "Guangzhou is the city which occupies the central position of the Zhujiang Delta. It should be turned into an international commercial and scientific center." The above is an idea put forward this morning by Tong Dalin, vice chairman of the State Economic Structural Reform Commission, at the "forum on giving full play to the role of Guangzhou as a key city." He hoped that Guangzhou would strive to become a famous actor on the stage of economic construction.

Tong Dalin is currently a vice chairman of the State Economic Structural Reform Commission. In recent years, he has been principally engaged in strategic economic studies. He has put forward many original ideas on the strategic problems arising from Guangzhou's economic development. He suggests that in considering its own developmental strategy, a locality should not simply "sit down" and look at itself but should "stand up" and look at the whole country and the whole world. As for the strategy for China's economic development, he favored the policy of "relying on the east and establishing ties between the east and west" and the policy of "bringing together the north and south." "To rely on the east" is to rely on the coastal areas in the east where the economy is relatively developed, for example, the Changjiang River Delta around Shanghai, the Bohai Sea circle with Tianjin at its center, the "Golden Coast" stretching from Fujian to Guangdong, and the Liaosong Plain in the northeast region. And "establishing ties between the east and west" means to join the economic forces of the coastal areas with that of the western hinterland. This can be carried out along three great rivers, namely, the Huanghe River, the Changjiang River, and the Zhujiang River. As Guangzhou City is the center of the Zhujiang River Delta economic zone, it should play an important role in nationwide economic development.

Tong Dalin said: Guangzhou City itself should become the biggest commodities fair, in other words, a first-class consumer-city. To cite just one area, we can make "Guangzhou a food center." In the past, Guangzhou had a highly developed catering service network consisting of numerous restaurants which were well-known for delicious foods. Today, some developed countries in the world have vigorously promoted their "food export industry," whose output value has even surpassed that of the iron and steel industry and the automobile industry, which used to rank first in these countries' economy. Tong Dalin advocated that Guangzhou should regain and carry forward its traditional reputation as a "food center," and become a veritable "big restaurant" and an important base for fruit and vegetable production. Meanwhile, the city can also vigorously develop its beverage, fast food, and other industries. Moreover, as Guangdong Province teems with silk cloth and has a developed textile industry, why do we not develop Guangzhou City into a "garment center" in the meantime? If every peasant buys one more garment and one more pair of shoes, this will mean that the whole country will have to be supplied with 800 million more garments and 800 million more pairs of shoes. Therefore, Guangzhou has great potential in this aspect.

Tong Dalin also pointed out that Guangzhou shows great promise for being transformed into a city for international scientific development. Guangzhou not only has the facilities for organizing commodities fairs but also has the conditions for sponsoring scientific and technological exchange conferences as well.

Tong Dalin said: Guangzhou should also devote great efforts to developing culture and education, of which the publication and distribution of books and periodicals is the most important sector. Today, we are promoting spiritual civilization and encouraging the contingent of cadres to raise its cultural level. Without books and periodicals, we can achieve nothing. He suggested that all the best books, periodicals, paintings, plays, and films should be exhibited or sold in Guangzhou for the purpose of discussion and emulation. Guangzhou should be made the "window of society" of Chinese socialism. He said: As we are introducing foreign capital and importing foreign advanced technologies and equipment, those degenerate factors of capitalism will inevitably bring in "pollution." For this reason, we have to clear away "pollution." And the best way to do this is to assume the offensive, displaying the mental attitude of the people of our socialist country with our first-rate cultural and art works.

CSO: 4006/731

GENERAL

COMMENT ON 'SELECTED WORKS OF ZHU DE'

Beijing XINHUA in English 0719 GMT 3 Aug 83

[Text] Beijing, 3 Aug (XINHUA)--An article in the WORKER'S DAILY commenting on the "Selected Works of Zhu De" draws attention to his theses on economics as important for China's current economic endeavors.

A great soldier and strategist, Zhu De was one of the founders of China's Red Army in the 1920's. His selected works started nation-wide circulation on August 1, China's Army Day. The marshal died in July, 1976.

The propositions he advanced on economic development decades ago--getting the army to work and lightening the people's financial burden, expanding production in the interest of people's wellbeing, tapping natural resources in the light of local conditions, encouraging the defense industries to produce for civilian purposes, stressing self-reliance, opposing extravagance in economic construction, diversifying the economy, and combating left tendencies in economic development--fall neatly in line with the guidelines being followed in China's economy.

Similar views can also be found in the writings and speeches of Deng Xiaoping, Hu Yaobang, Li Xiannian, Zhao Ziyang and Chen Yun, leaders who are now working in concert to guide China's economy on to the course of modernization.

The article paid special tribute to Zhu De for his courage in resisting the "left" line in economic development as early as the late 1950's and early 1960's when the "left" errors of rashness and arbitrariness were rampant.

Compelling people to do things they are unable to do, he said, would eventually hurt party members and forfeit the support of the people. The objective laws must not be violated. As long as the party learns to act in line with these laws, it will stand firm and continue its advance.

These invaluable insights of his are worth bearing in mind for ever, the article said. "His proletarian mettle of upholding principle, seeking truth from the facts and fearing nothing has set an example for all of us," it said.

Experience in China's economic development over the past three decades and especially during the last few years, shows that Zhu De's ideas were based on reality and were therefore correct, the article said.

"Although we are facing different tasks in economic development from Zhu De's times, his basic ideas and points of view are important as guidelines for our modernization program and are worth study by all workers in China," the article said.

CSO: 4209/105

GENERAL

HU YAOBANG SEES FUTURE ECONOMIC BOOM IN QINGHAI

OW031442 Beijing XINHUA in English 1422 GMT 3 Aug 83

[Text] Xining, 3 Aug (XINHUA)--Qinghai Province, on the Qinghai-Tibet plateau in northwest China, has the basic conditions for a future economic boom, Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, said here early this week.

Hu said China's economic construction will focus on the northwest, which includes the Ningxia and Xinjiang Autonomous Regions and Shaanxi, Gansu and Qinghai Provinces, around the turn of this century.

Before the founding of the People's Republic in 1949, Hu said, Qinghai had no railways. It now has more than 1,300-kilometers of track on its two trunk lines and three feeder lines. The province also has more than 15,000 kilometers of highways, with bus services to every county and most of its people's communes. Civil air service covers 4,000 kilometers.

Qinghai now has 1,300 industrial enterprises, producing consumer goods, textiles, iron and steel, coal, power, oil, chemical products, machinery, electronic products and building materials, the party leader said.

Qinghai's grain output in 1982 more than tripled the 1949 figure, while production of oil-bearing crops rose by nine times, Hu said.

A total of 750,000 students now study in the seven institutions of higher learning, more than 30 secondary schools, and more high schools and primary schools, he said, adding that before liberation Qinghai did not have a single school of higher learning.

Endemic and infectious diseases have been effectively controlled, Hu added, while many new cities, towns and housing estates have gone up in the once-wild province.

CSO: 4020/105



GENERAL

HU YAOBANG ON DEVELOPMENT DRIVE IN QINGHAI

OW031513 Beijing XINHUA in English 1442 GMT 3 Aug 83

[Text] Xining, 3 Aug (XINHUA)--Hu Yaobang, general secretary of the Central Committee of the Chinese Communist Party, has urged Qinghai Province to prepare for a large-scale development drive.

During an inspection tour made last week, Hu told Qinghai cadres that the focus of China's capital construction will be shifted to northwest China by the end of this century. He said that seven key state-financed construction projects have been sited in Qinghai for the Sixth Five-Year Plan (1981-1985), and at least that many would also be fixed for the Seventh Five-Year Plan period.

Qinghai is a promising area of strategic importance awaiting development, he said.

The province is one of the largest in China, seven times as big as Jiangsu and 25 percent bigger than Sichuan. Situated mainly on the cold and dry Qinghai-Tibet Plateau, it is rich in natural resources. Qinghai has water power reserves of 20 million kilowatts, and potentially large reserves of coal, petroleum and natural gas. It also has the world's largest rock salt deposits, with a reserve of 50 billion tons, and China's biggest long-fiber asbestos deposit, Hu said.

As part of its preparation for the expansion drive, Hu said, the province must push the development of its agriculture and animal husbandry, and use financial and material resources where they are most needed.

He told the cadres that they must depend on the relevant party policies for the development of agriculture and animal husbandry. He said the power of the correct policies had not yet been brought into full play.

He advocated a firm stress on agriculture, animal husbandry and forestry, and told the cadres to encourage Qinghai's peasants and herdsmen to get rich by planting trees and grass.

He said that policies on livestock breeding needed to be further implemented and pasturelands and livestock should be contracted out to herdsmen. On this basis, he said, the cadres should lead the herdsmen by demonstration, persuasion and providing technical services in improving pastures and livestock strains, and developing animal by-products and processing of native produce.

He told the Qinghai cadres to pump their financial and material resources into developing Qinghai's energy resources, including coal, water, petroleum and wind.

The province's financial resources should also be directed toward the development of communications and transport; the expansion of industries serving the development of agriculture and animal husbandry and the people's livelihood; and the training of scientific and technical personnel from among Qinghai's minority nationalities.

All economic work in the province, Hu said, must be focused on the central tasks of preparing the necessary conditions for a large-scale development drive in Qinghai.

CSO: 4020/105

GENERAL

HU YAOBANG STRESSES DEVELOPING QINGHAI

OW031414 Beijing XINHUA in English 1356 GMT 3 Aug 83

[Text] Xining, 3 Aug (XINHUA)--General Secretary Hu Yaobang said Sunday that China's major economic construction efforts will turn to the country's northwest around the turn of this century and Qinghai, a strategic area in the region, should do everything possible to pave the way for the shift.

Hu, general secretary of the Central Committee of the Chinese Communist Party, made the remarks on July 31 at a meeting with local party, government and army officials following a ten-day inspection tour of the province.

Hu noted that Qinghai was undeveloped, despite its vast size and rich natural resources. Large mineral deposits and plentiful reserves of coal and oil provide favorable conditions for the economic development. The province's hydropower potential amounts to 20 million kilowatts, in addition to rich solar and wind energies, he added.

"Superiority in energy is basic to the development of a modern economy in Qinghai," Hu said.

Hu Yaobang said he was not alone in the view that China's major economic efforts should be shifted to the northwest. The idea was also shared by other leaders of the party Central Committee, he said, and his inspection tour had further proved the correctness of this viewpoint.

He called on people in Qinghai to go all-out for the development move, and urged young people in other parts of the country to come and join hands with the local residents in the new drive.

Hu said that all cadres should foster the revolutionary spirit of blazing new trails and fearing no difficulties in dedication to the motherland, while trying to learn as much as they can of modern science and technology.

CSO: 4020/105

GENERAL

#### CHONGQING CPC CONGRESS VIEWS CITY DEVELOPMENT

OW050503 Beijing XINHUA in English 1435 GMT 4 Aug 83

[Text] Chongqing, 4 Aug (XINHUA)--Chongqing will be the focus of reforms aimed at making it an economic center of the upper Yangtze region.

This was announced at the city's Fifth Communist Party Congress, which closed here yesterday.

Located in Sichuan Province, Chongqing is the largest industrial and business center in southwest China.

"The experiment--in which the central government selected Chongqing for management system reforms--is aimed at setting up an economic zone centering on a large city," said Wang Qian, secretary of the CPC Chongqing City Committee, in a report to the congress.

To achieve this goal, Wang said Chongqing should become a material distribution center for the upper Yangtze region. "Efforts must be made to accelerate harbor construction and expand trade relations and technical exchanges with other countries," he told the deputies.

"Investment and development zones should be set up in Chongqing to attract domestic and foreign funds, technology and technicians by providing preferential treatment," he said.

Transport on the city's Yangtze and Jialing rivers must be improved, Wang said. "At the same time, electrification of the Chengdu-Chongqing, Chongqing-Guiyang and Xiangfan-Chongqing railways must be speeded up," he added.

Wang also called for the installation of program-controlled telephones and microwave communications equipment to promote economic relations between Chongqing and other parts of China.

Chongqing should also set up a science and technology development and exchange center to organize the city's scientists and technicians to overcome major problems in industrial and agricultural production and popularize research results, Wang said.

GENERAL

BRIEFS

XINJIANG ECONOMIC, TECHNOLOGICAL WORK--Tuohudi Shabier, regional vice chairman, spoke at the regional people's government routine work conference today, saying that the region has signed contracts with fraternal provinces, municipalities and city, including Jiangsu, Shanghai, Zhejiang, Shandong, Tianjin, and Beijing, for 131 items of economic and technological cooperation. Relevant departments and enterprises of six provinces, municipalities, and city will technologically support the region in various forms. Of these 131 items, 30 are of light industry, 21 are of textile industry, 7 are of metallurgical industry, 3 are of building material industry, and 23 are of medical and public health items.  
[Summary] [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 14 Jul 83 HK]

CSO: 4006/722

TAIWAN

SUN YUN-HSUAN ADDRESSES DEVELOPMENT SEMINAR

OW291121 Taipei CNA in English 1040 GMT 29 Jul 83

[Text] Taipei, 29 Jul (CNA)--The 1983 national development seminar concluded Friday at the Armed Forces Officers' Club after 12 days of discussions by 118 scholars and experts from home and abroad.

Leaders of the five panels on computer-based education, electro-optics, biotechnology, epidemic disease control and food processing technology, made conclusions of their respective groups.

In presenting general conclusions, Liu Chin, representative of all the participants in the seminar, said that if suggestions made by the participants are the same as the plans already mapped out by the government, they will give their full support to help the government to implement them. Besides, he also suggested that if possible, the government should adopt new ideas offered by the participants.

Addressing the closing ceremony, Premier Sun Yun-hsuan said the government, by stressing science and technology development, seeks mainly concrete, effective approaches that will enable highly sophisticated technologies to take root here as early as possible.

In this way, the premier said, "we will upgrade our industry, and improve the quality of our lives."

The ultimate aim of the five subjects studied in the seminar, he pointed out, is to raise people's living standards and ensure security and happiness of the people.

The premier also expressed his hope that the participants would continue to contact the government agencies to strive for the national reconstruction.

Before the conclusion of the seminar, all the participants unanimously agreed to cable President Chiang Ching-kuo, urging him to run for re-election to lead this nation.

CSO: 4020/106

TAIWAN

PREMIER URGES ADOPTION OF DEVELOPMENT SEMINAR IDEAS

OW290351 Taipei CNA in English 0251 GMT 29 Jul 83

[Text] Taipei, 29 Jul (CNA)--Premier Sun Yun-hsuan Thursday urged government agencies to act upon the recommendations put forward by scholars and experts to the National Development Seminar now being held.

He said President Chiang Ching-kuo has attached great importance to the opinions and recommendations initiated by the participating scholars from abroad.

Sun made the remarks at the regular cabinet meeting Thursday morning. He called on the concerned agencies to take immediate steps on those proposals which are found concrete and workable.

The topics and issues discussed in the past 2 weeks at the seminar as judged by his personal experience are of great value to the acceleration of the nation's science and technology program, the premier noted.

In the meantime, Sun instructed the related agencies to keep close contacts with these scholars and experts in order that their professional knowledge and experience may be utilized for the benefit of science and technology development in this country.

The premier also instructed the National Youth Commission to work out an applicable formula for recruitment of overseas Chinese experts to work for this country.

His instructions were in reference to the commission's report on a recent mission sent to the United States and Japan for recruitment of specialists abroad.

CSO: 4020/106

TAIWAN

JAPANESE FIRMS TO SET UP HEAVY TRUCK PLANT

OW260615 Taipei CNA in English 0251 GMT 26 Jul 83

[Text] Taipei, 26 Jul (CNA)--The Ministry of Economic Affairs Monday reached an agreement with Japan's Hino and Isuzu truck companies on terms for a possible joint venture to set up a heavy truck plant in this country.

The agreement contains the following terms:

The Japanese companies will purchase the fixed capital such as land and equipment at the Chung-li plant of the defunct Hua Tung Automotive Company.

The Japanese companies will buy this fixed capital with payment of straight cash at one time.

The Japanese will invest in 45 percent of the total shares, while the private Chinese sectors will take up the remaining 55 percent.

In addition to the purchase of Hua Tung's fixed capital, the Japanese companies will also give compensations for the incalculable marketing advantages as already provided by the Chinese Government and Hua Tung.

All those 423 skilled workers now working for Hua Tung Company will be employed with top priority by the future company.

No requirement to bear the loss Hua Tung made in the past.

This country will provide 15 percent tariff protection for the future company, and will reduce it from the first year for 5 years. The Japanese ask the ROC Government to provide a 15-percent tariff protection for 5 years, and then reduce it gradually from the sixth year through the ninth year.

CSO: 4020/106

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